

-----  
-----  
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):

DECEMBER 11, 1997  
-----

MACK-CALI REALTY CORPORATION

(Exact name of Registrant as specified in its charter)

MARYLAND

(State or other jurisdiction of incorporation)

<TABLE>  
<CAPTION>

1-3274	<C>	22-3305147
(Commission File No.)		(I.R.S. Employer Identification No.)

</TABLE>

11 COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

<TABLE>

<S>	<C>	
(Address of Principal Executive Offices)		(Zip Code)

</TABLE>

(908) 272-8000

(Registrant's telephone number, including area code)

CALI REALTY CORPORATION

(Former Name or Former Address, if Changed Since Last Report)

-----  
-----  
ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On December 11, 1997, Cali Realty Corporation ("MC Corp") and its subsidiary, Cali Realty, L.P. (together with MC Corp., collectively, the "Company") completed its previously announced transaction (the "Transaction") pursuant to the agreement dated as of September 18, 1997 with the Mack Company and Patriot American Office Group (collectively, the "Mack Group"), as amended as of December 11, 1997. The Company acquired 54 office properties, aggregating approximately 9.4 million square feet (the "Mack Properties") and each of Cali Realty Corporation and Cali Realty, L.P. changed its name to Mack-Cali Realty Corporation and Mack-Cali Realty, L.P., respectively.

The total initial consideration of the Transaction was as follows: (i) \$468,958,000 in cash, (ii) \$291,882,637 in debt of the Mack Group assumed by the Company (the "Mack Assumed Debt"), (iii) up to 3,972,318 Common Units of Limited Operating Partnership Interests in Mack-Cali Realty, L.P. ("Common Units"), (iv) up to a stated value of \$27,132,153 in Series A Preferred Units of Limited Operating Partnership Interests in Mack-Cali Realty, L.P. ("Series A Preferred Units"), (v) up to a stated value of \$223,124,847 Series B Preferred Units of Limited Operating Partnership Interests in Mack-Cali Realty, L.P. ("Series B Preferred Units") and (vi) warrants to purchase 2,000,000 Common Units. The warrants are exercisable at any time after one year from the date of their issuance and prior to the fifth anniversary thereof at an exercise price of \$37.80 per Common Unit. Each of the Series A Preferred Units may be converted at any time into Common Units at a conversion price of \$34.65 per unit, and, after the one year anniversary of the date of the Series A Preferred Units' initial issuance, Common Units received pursuant to such conversion may be redeemed into Common Stock (as hereinafter defined). Each of the Series B Preferred Units may be converted at any time into Common Units at a conversion price of \$34.65 per unit, and, after the three year anniversary of the date of the Series B Preferred Units' initial issuance, Common Units received pursuant to such

conversion may be redeemed into Common Stock. Each of the Common Units are redeemable after one year for an equal number of shares of Common Stock of MC Corp.

At closing, 2,006,432 Common Units ("Contingent Common Units"), 11,895 Series A Preferred Units and 7,799 Series B Preferred Units ("Contingent Preferred Units," and together with Contingent Common Units, collectively, the "Contingent Units") were issued as contingent non-participating units. Such Contingent Units have no voting, distribution or other rights until such time as they are redeemed into Common Units, Series A Preferred Units, and Series B Preferred Units respectively. Redemption of such Contingent Units shall occur upon the achievement of certain performance goals relating to certain of the Mack Properties, specifically the achievement of certain leasing activity, as more fully set forth in the First Amendment to the Contribution and Exchange Agreement, attached hereto as Exhibit 10.99.

In connection with the Transaction, resigning from the Board of Directors of MC Corp. were Brant Cali, Brad Berger, Angelo R. Cali, Kenneth A. DeGhetto, James W. Hughes and Alan Turtletaub. Added to the Board by nomination by the Mack Group were Mitchell E. Hersh, William L. Mack and Earle I. Mack. Added as independent members of the Board were Martin D. Gruss, Jeffrey B. Lane, Vincent Tese and Paul A. Nussbaum.

In addition, in connection with the Transaction, Brant Cali resigned as Chief Administrative Officer of MC Corp., John R. Cali resigned as Chief Accounting Officer of MC Corp. and Thomas A. Rizk resigned as President of MC Corp. Mitchell E. Hersh entered into an employment agreement with MC Corp. naming him as President and Chief Operating Officer (Exhibit 10.111). Also entering into new employment agreements with MC Corp. were Thomas A. Rizk, as Chief Executive Officer (Exhibit 10.112), Brant Cali, as Executive Vice President (Exhibit 10.113), and John R. Cali, as Executive Vice President (Exhibit 10.114). Entering into Amended and Restated Employment Agreements with MC Corp. were Roger W. Thomas, as Executive Vice President, General Counsel and Assistant Secretary (Exhibit 10.115), Barry Lefkowitz, as Executive Vice President and Chief Financial Officer (Exhibit 10.116) and Timothy M. Jones, as Executive Vice President (Exhibit 10.117).

1

Finally, MC Corp. issued (i) a warrant to purchase 339,976 shares of MC Corp. common Stock, par value \$.01 per share ("Common Stock"), at a purchase price of \$38.75 per share to Mitchell E. Hersh (Exhibit 10.106); (ii) a warrant to purchase 125,000 shares of Common Stock at a purchase price of \$38.75 per share to James Mertz (Exhibit 10.107); and (iii) a warrant to purchase 50,000 shares of Common Stock at a purchase price of \$38.75 per share to James Clabby (Exhibit 10.108). In each case, the warrants vest evenly over a five year period, commencing December 31, 1997 and expire 10 years after their date of issuance.

On December 10, 1997, Mack-Cali Realty, L.P. entered into a certain Credit Agreement with Prudential Securities Credit Corporation ("PSC") under the terms of which PSC agreed to advance Mack-Cali Realty, L.P. \$200,000,000.00. The proceeds of the loan were used to fund a portion of the cash consideration in completion of the Transaction. The credit agreement has a one year term and interest payments are required monthly. The interest rate is LIBOR plus 110 basis points. The loan is a recourse loan secured by eleven properties owned by the Company and located in New Jersey.

The Company has been advised that, on December 10, 1997, a Shareholder's Derivative Action was filed in Maryland Court on behalf of one individual shareholder. The complaint, which has yet to be served, questions certain executive compensation decisions made by the Company's Board of Directors in connection with the Transaction. The Board's compensation decisions were discussed in the proxy materials distributed in connection with the Transaction and were approved by in excess of 99% of the voting shareholders. The Company believes that this lawsuit is factually and legally baseless and will be vigorously defended if the complaint is ever served.

The Transaction was previously reported on the Current Report on Form 8-K, filed by the Company on September 19, 1997. This Current Report on Form 8-K supersedes the September 19, 1997 8-K in its entirety. Set forth below are the historical and pro forma financial statements of Businesses Acquired (Section 210.3-05 and Section 210.11 of Regulation S-X) as required by Item 7 of Form 8-K.

#### ITEM 7. FINANCIAL STATEMENTS, PROFORMA FINANCIAL INFORMATION AND EXHIBITS.

##### (A) FINANCIAL STATEMENTS OF BUSINESS ACQUIRED.

The Audited Combined Financial Statements of the Mack Group as of December 31, 1996 and 1995 and for the three years in the period ended December 31, 1996, the Unaudited Financial Information as of September 30, 1997 and for the nine months ended September 30, 1997 and 1996 and the Property Tables, each contained in the Proxy Statement (Schedule 14A) of the Company, filed on November 10, 1997, are hereby incorporated by reference herein.

(B) PRO FORMA FINANCIAL INFORMATION.

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

- (i) condensed consolidated balance sheet as of September 30, 1997; and
- (ii) condensed consolidated statements of operations for the nine month period ended September 30, 1997 and the year ended December 31, 1996.

2

(C) EXHIBITS.

EXHIBIT NUMBER	EXHIBIT TITLE
<C>	<S>
10.99	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997 by and among the Company and the Mack Group.
10.100	Certificate of Designation of Series A Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P.
10.101	Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P.
10.102	Certificate of Designation of Contingent Non-Participating Common Operating Partnership Units of Limited Partnership Interest of Mac-Cali Realty, L.P.
10.103	Certificate of Designation of Series A Contingent Non-Participating Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P.
10.104	Certificate of Designation of Series B Contingent Non-Participating Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P.
10.105	Form of Warrant Agreement to purchase Common Operating Partnership Units of Limited Partnership Interests of Mack-Cali Realty, L.P.
10.106	Warrant Agreement, dated December 12, 1997, executed in favor Mitchell E. Hersh to purchase shares of common stock (Common Stock), par value \$.01 per share, of Mack-Cali Realty Corporation.
10.107	Warrant Agreement, dated December 12, 1997, executed in favor James Mertz to purchase shares of Common Stock of Mack-Cali Realty Corporation.
10.108	Warrant Agreement, dated December 12, 1997, executed in favor James Clabby to purchase shares of Common Stock of Mack-Cali Realty Corporation..
10.109	Registration Rights Agreement, dated December 11, 1997 among Mack-Cali Realty Corporation and the investors listed therein.
10.110	Second Amended and Restated Agreement of Limited Partnership, dated December 11, 1997, for Mack-Cali Realty, L.P.
10.111	Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Mitchell E. Hersh.
10.112	Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Thomas A. Rizk.
10.113	Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Brant Cali.
10.114	Employment Agreement, dated December 11, 1997, between Mac-Cali Realty Corporation and John R. Cali.
10.115	Amended and Restated Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Roger W. Thomas.
10.116	Amended and Restated Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Barry Lefkowitz.
10.117	Amended and Restated Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Timothy M. Jones.

3

EXHIBIT NUMBER	EXHIBIT TITLE
<C>	<S>
10.118	Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Earle Mack.

- 10.119 Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and David Mack.
- 10.120 Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Frederic Mack.
- 10.121 Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and William Mack.
- 10.122 Credit Agreement, dated as of December 10, 1997, by and among Cali Realty, L.P. and the other signatories thereto.
- 10.123 Form of Promissory Note, dated as of December 10, 1997, of Cali Realty, L.P. in favor of Prudential Securities Credit Corporation.
- 10.124 Mortgage, Security Agreement and Assignment of Leases and Rents, dated as of December 10, 1997, in favor of Prudential Securities Credit Corporation.

</TABLE>

4

MACK-CALI REALTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1997 (DOLLARS IN THOUSANDS)

(UNAUDITED)

The following unaudited pro forma condensed consolidated balance sheet is presented as if the Transaction and the 1997 Offering had occurred on September 30, 1997. This unaudited pro forma condensed consolidated balance sheet should be read in conjunction with the pro forma condensed consolidated statement of operations of the Company and the historical financial statements and notes thereto of the Company included in the Company's Form 10-K for the year ended December 31, 1996 and the Company's Form 10-Q for the nine month period ended September 30, 1997, respectively.

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 Transaction and the 1997 Offering actually occurred on September 30, 1997, nor does it purport to represent the future financial position of the Company.

<TABLE>  
<CAPTION>

	COMPANY HISTORICAL	PRO FORMA ADJ. FOR THE TRANSACTION AND 1997 OFFERING	COMPANY PRO FORMA
<S>	<C>	<C>	<C>
ASSETS			
Rental property, net.....	\$1,351,541	\$1,102,188 (a)	\$2,453,729
Cash and cash equivalents.....	3,409	-- (b)	3,409
Unbilled rents receivable.....	25,617	--	25,617
Deferred charges and other assets, net.....	18,571	--	18,571
Restricted cash.....	5,154	1,467 (e)	6,621
Accounts receivable, net.....	5,637	--	5,637
Mortgage note receivable.....	7,250	--	7,250
Total assets.....	\$1,417,179	\$1,103,655	\$2,520,834
LIABILITIES AND STOCKHOLDERS' EQUITY			
Mortgages and loans payable.....	\$ 593,058	\$ 320,798 (c)	\$ 913,856
Dividends and distributions payable.....	20,377	--	20,377
Accounts payable and accrued expenses.....	15,578	6,133 (d)	21,711
Accrued interest payable.....	2,081	--	2,081
Rents received in advance and security deposits...	17,088	10,713 (e)	27,801
Total liabilities.....	648,182	337,644	985,826
Minority interest of unitholders in Operating Partnership.....	70,479	306,352 (f)	376,831
Stockholders' equity			
Common stock, \$.01 par value.....	366	130 (g)	496
Other stockholders' equity.....	698,152	459,529 (h)	1,157,681
Total stockholders' equity.....	698,518	459,659	1,158,177
Total liabilities and stockholders' equity.....	\$1,417,179	\$1,103,655	\$2,520,834

</TABLE>

See accompanying footnotes on subsequent pages.

MACK-CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 1997 (IN THOUSANDS)

(UNAUDITED)

(a) Represents the estimated aggregate acquisition cost to be incurred by the Company to acquire the Mack Properties based upon the estimated market price of the consideration to be paid as of the time the Transaction was agreed to and announced. The total costs approximate the fair value of the rental property to be acquired and include the following:

<TABLE>	
<S>	<C>
Cash.....	\$ 468,958
Mack Assumed Debt.....	291,883
Common Units(1).....	66,373
Preferred Units(1).....	236,491
Warrants.....	8,524
Estimated Transaction-related costs.....	29,959
	-----
	\$1,102,188
	-----
	-----

</TABLE>

(b) The following schedule summarizes the pro forma sources and uses of funds in connection with the Transaction and the 1997 Offering:

<TABLE>	
<S>	<C>
Net proceeds received from the 1997 Offering after underwriting discount and issuance costs of \$28,021.....	\$ 489,542
Pro forma drawing on the Company's credit facilities.....	28,915
Cash consideration paid (including estimated Transaction-related costs of \$29,959).....	(498,917)
Cash paid for executive compensation, bonuses and related tax obligation payments.....	(35,565)
Net cash from closing adjustments at completion of Transaction....	16,025
	-----
	\$ 0
	-----
	-----

</TABLE>

(c) Represents the Mack Assumed Debt assumed by the Company and additional drawings on the Company's credit facilities in connection with the consummation of the Transaction, as follows:

<TABLE>	
<S>	<C>
Mack Assumed Debt.....	\$ 291,883
Additional drawings on the Company's credit facilities.....	28,915
	-----
	\$ 320,798
	-----
	-----

</TABLE>

(d) Represents closing pro-rations from the Transaction (\$6,779), less amounts that were accrued in the Company's historical accounts as of September 30, 1997 for tax obligation payments in connection with the Company's executive compensation agreements, which were paid in connection with the completion of the Transaction (\$646).

(e) Represents adjustments for rents received in advance (\$8,139), and security deposits (\$2,574), received by the Company at the closing of the Transaction. Additionally, the Company received \$1,467 in restricted cash at closing.

AS OF SEPTEMBER 30, 1997 (IN THOUSANDS)

(UNAUDITED)

(f) Reflects the adjustment to minority interest of the unitholders in the Operating Partnership computed as follows:

<u>&lt;TABLE&gt;</u>	<u>&lt;C&gt;</u>
<S>	
Common Units(1).....	\$ 66,373
Preferred Units(1).....	236,491
Warrants.....	8,524
Minority interest share of non-recurring charges [see Note (h) below].....	(5,036)
	-----
	\$ 306,352
	-----
	-----

</TABLE>

(g) Reflects the issuance of 13 million shares of the Company's Common Stock with a par value of \$.01 per share.

(h) Reflects the issuance of 13 million shares of the Company's Common Stock with a par value of \$.01 per share, at \$39.8125 per share. The following table sets forth the adjustments to Other stockholders' equity:

<u>&lt;TABLE&gt;</u>	<u>&lt;C&gt;</u>
<S>	
Net proceeds received from the 1997 Offering after estimated underwriting discount and issuance costs of \$28,021, (net of \$130 for par value).....	\$ 489,412
Recording of the financial accounting value ascribed to the beneficial conversion feature inherent in the Preferred Units upon issuance. The Preferred Units are immediately convertible into Common Units at \$34.65 per Common Unit, which is an amount that is expected to be less than the market price of the Common Stock (assumed to be \$39.0625 per share for purposes of this pro forma information) as of the date the Preferred Units are issued.....	29,361
Recording of amortization for the beneficial conversion feature inherent in the Preferred Units as they are immediately convertible into Common Units upon consummation of the Transaction(2).....	(29,361)
Expensing of previously unamortized stock compensation recorded in connection with the Company's executive compensation agreements, which fully vested on an accelerated basis as a result of the consummation of the Transaction(2).....	(11,423)
Tax obligation payments related to stock compensation (net of \$645 previously accrued) (2).....	(5,874)
Elimination of unamortized stock compensation previously recorded in equity.....	11,423
Additional executive compensation and bonuses paid upon consummation of the Transaction(2).....	(29,046)
Allocation to minority interest based upon post-Transaction ownership.....	5,037
	-----
	\$ 459,529
	-----
	-----

</TABLE>

- 
- (1) Does not include 19,694 Contingent Preferred Units and 2,006,432 Contingent Common Units which will convert, in whole or in part, into ordinary Common Units upon achieving certain rents for space not presently leased in certain of the Mack Properties. The value of such Units will be recorded as additional acquisition costs at the time such Units are converted.
  - (2) Reflects the adjustments to historical net earnings for non-recurring charges, incurred in connection with the Transaction and will be recorded in the Company's statement of operations for the period in which they are incurred.

the nine months ended September 30, 1997 and for the year ended December 31, 1996 are presented as if each of the following had occurred on January 1, 1996: (i) the partial prepayment by the Company of its Initial Mortgage Financing ("Partial Prepayment") in 1996, (ii) the disposition by the Company of its property at 15 Essex Road in Paramus, New Jersey ("Essex Road") in 1996, (iii) the acquisition by the Company of the properties known as 103 Carnegie, Rose Tree, the Mount Airy Road Buildings, Five Sentry Parkway, Harborside, Whiteweld Centre, One Bridge Plaza and Airport Center in 1996, (iv) the net proceeds received by the Company as a result of its common stock offering of 3,450,000 shares on August 13, 1996 (the "August Offering"), (v) the net proceeds received by the Company as a result of its common stock offering of 17,537,500 shares on November 22, 1996 (the "November Offering"), (vi) the completion by the Company of the RM Transaction, (vii) the acquisition of 1345 Campus Parkway, Westlakes Office Park, the Moorestown Building, Shelton Plaza, 200 Corporate and Three Independence by the Company (collectively, the "Pre-Mack Events," which are more fully discussed in the Company's Current Report on Form 8-K, dated September 18, 1997), and (viii) completion by the Company of the Transaction and the 1997 Offering. Items (i) through (v) above are to be collectively referred to as the "1996 Events."

Such pro forma information is based upon the historical consolidated results of operations of the Company for the nine months ended September 30, 1997 and for the year ended December 31, 1996, after giving effect to the transactions described above. The pro forma condensed consolidated statements of operations should be read in conjunction with the pro forma condensed consolidated balance sheet of the Company and the historical financial statements and notes thereto of the Company included in the Company's Form 10-Q for the nine months ended September 30, 1997 and in the Company's Form 10-K for the year ended December 31, 1996.

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

MACK-CALI REALTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)  
(UNAUDITED)

<TABLE>  
<CAPTION>

COMPANY	COMPANY	PRO FORMA ADJ. FOR PRE-MACK	PRE-MACK EVENTS	HISTORICAL THE MACK	PRO FORMA ADJ. FOR THE TRANS- ACTION AND 1997 OFFERING
REVENUES PRO FORMA	HISTORICAL	EVENTS	PRO FORMA	GROUP	(H)
<S>	<C>	<C>	<C>	<C>	<C>
Base rents.....	\$ 145,328	\$11,330 (a)	\$156,658	\$ 96,714	\$ 6,220 (e)
\$259,592					
Escalations and recoveries from tenants.....	22,464	1,220 (a)	23,684	12,686	--
36,370					
Parking and other.....	5,245	524 (a)	5,769	6,131	--
11,900					
Interest income.....	2,268	(956) (b)	1,312	454	(454)
(f) 1,312					
Total revenues.....	175,305	12,118	187,423	115,985	5,766
309,174					
EXPENSES					
Real estate taxes.....	18,513	1,407 (a)	19,920	11,893	--
31,813					
Utilities.....	13,001	988 (a)	13,989	10,477	--
24,466					
Operating services.....	21,056	1,711 (a)	22,767	14,553	--





<CAPTION>

PROPERTY/TRANSACTION (1)	GENERAL AND ADMINISTRATIVE	DEPRECIATION (3)
<S>	<C>	<C>
1345 Campus Parkway.....	\$ 1	\$ 12
RM Transaction.....	410	864
Westlakes.....	246	607
Shelton Place (4).....	57	192
200 Corporate.....	1	106
Three Independence.....	28	189
	-----	-----
Total Pro Forma Adj. for 1997 Events.....	\$ 743	\$ 1,970
	-----	-----

</TABLE>

- 
- (1) The Moorestown Buildings were vacant during 1996 and for the nine months ended September 30, 1997.
  - (2) Pro forma base rents are presented on a straight-line basis calculated from January 1, 1996 forward.
  - (3) Depreciation is based on the building-related portion of the purchase price and associated costs depreciated using the straight-line method over a 40-year life.
  - (4) Total revenues of \$444 and Revenue in excess of certain expenses of \$234 for the three months ended March 31, 1997 have been included in both the Pro Forma Condensed Consolidated Statements of Operations for the nine months ended September 30, 1997 and year ended December 31, 1996.

10  
MACK-CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997

(IN THOUSANDS)

- (b) Represents reduction for (i) interest income earned on investments of proceeds from the November 1996 offering (\$835) and (ii) interest income earned on the RM Mortgage Receivable as a result of the prepayment in connection with the 200 Corporate acquisition (\$121).
- (c) The Pre-Mack Events pro forma adjustment to interest expense for the nine months ended September 30, 1997 reflects interest on mortgage debt assumed with certain acquisitions and additional borrowings from the Company's credit facilities to fund certain acquisitions. Pre-Mack Events pro forma interest expense for the nine months ended September 30, 1997 is computed as follows:

<S>	<C>
Interest expense on the Initial Mortgage Financing, after the Partial Prepayment (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 6.60 percent).....	\$ 3,665
Interest expense on loan assumed with Fair Lawn acquisition on March 3, 1995 (fixed interest rate of 8.25 percent on average outstanding principal balance of approximately \$18,605).....	1,154
Interest expense on mortgages 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).....	8,125
Interest expense on outstanding borrowings on the Company's credit lines (a variable rate of 30-day LIBOR plus 125 basis points during the period on \$114,655; weighted average interest rate used is 6.85 percent).....	5,890
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).....	9,977
Historical amortization of deferred mortgage, finance and title costs for the nine months ended September 30, 1997.....	723
	-----

Total Pre-Mack Events pro forma interest expense for the nine months ended September 30, 1997:..... \$ 29,534  
-----  
-----

</TABLE>

- (d) Represents Pre-Mack Events pro forma income allocated to the pro forma weighted average minority interest (Units) in Mack-Cali Realty L.P. (the Operating Partnership) for the period of 10.08 percent.
- (e) Represents adjustment necessary to reflect rental income for the Mack Properties on a straight-line basis assuming that the Transaction was consummated as of January 1, 1996.
- (f) Represents reduction of interest income, which was recorded in the Mack Group Historical Financial Statements.
- (g) Reflects reduction due to exclusion of non-recurring expenses incurred by the Mack Group in connection with the Transaction.

11  
MACK-CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997

(IN THOUSANDS)

- (h) In connection with the consummation of the Transaction, the Company estimates that it will also recognize the following non-recurring charges, before minority interest, in the Company's Statements of Operations for the period in which the Transaction is completed, which have been excluded from the Company's pro forma operating results:

<p>&lt;TABLE&gt;</p> <p>&lt;S&gt;</p> Expensing of previously unamortized stock compensation recorded in connection with the Company's executive compensation plans which vested on an accelerated basis as a result of the consummation of the Transaction.....	<C> \$ 11,423
Related tax obligation payments (net of \$645 previously accrued)...	5,874
Additional executive compensation and bonuses paid upon consummation of the Transaction.....	29,046
Amortization of the beneficial conversion feature inherent in the Preferred Units (as an allocation to minority interest) as they are immediately convertible into Common Units upon consummation of the Transaction.....	29,361 -----
	\$ 75,704 ----- -----

</TABLE>

- (i) Represents adjustment to reflect depreciation expense (based on a 40-year useful life) related to the Mack Properties acquired by the Company based on the estimated allocated value of buildings and improvements (\$881,750) as follows:

<p>&lt;TABLE&gt;</p> <p>&lt;CAPTION&gt;</p> <p>&lt;S&gt;</p> Pro forma depreciation expense.....	<C> \$ 16,533
Mack Group Historical.....	21,586 -----
	\$ (5,053) ----- -----

</TABLE>

- (j) Reflects reduction of interest expense relating to the Transaction. Pro forma interest expense is computed as follows:

<p>&lt;TABLE&gt;</p> <p>&lt;CAPTION&gt;</p> <p>&lt;S&gt;</p> Interest on Mack Assumed Debt (\$291,883) with a weighted average interest rate of 7.67 percent.....	<C> \$ 16,791
---	------------------

Interest on drawings on the Company's credit facilities of \$28,915 at a weighted average interest rate of 6.87 percent.....	1,491
	-----
	\$ 18,282
Mack Group Historical.....	44,325
	-----
	\$ (26,043)
	-----

</TABLE>

12  
MACK-CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997

(IN THOUSANDS)

(k) Represents minority interest computed as follows:

<TABLE>		
<CAPTION>		
<S>	<C>	<C>
Income before extraordinary item and minority interest.....	\$ 107,371	
Dividend yield of 6.75 percent on the Preferred Units with a par value of \$230,562.....		\$ 11,672
Income allocable to common stockholders of the Company and unitholders in the Operating Partnership.....	\$ 95,699	
	-----	
Allocation to minority interest based upon weighted average percentage of Common Units outstanding of 10.87 percent.....		10,401
		-----
Total minority interest.....		22,073
		-----
Pre-Mack Events pro forma.....		6,280
		-----
		\$ 15,793
		-----

</TABLE>

See Note (1) to the Pro Forma Condensed Consolidated Balance Sheet as of September 30, 1997 related to assumptions regarding the Contingent Units.

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

<TABLE>	
<CAPTION>	
<S>	<C>
Historical weighted average shares outstanding.....	36,469
Shares issued in connection with the 1997 Offering.....	13,000
Vesting of 199 shares on an accelerated basis as a result of the Transaction.....	199
	-----
Pro forma weighted average shares outstanding.....	49,668
	-----

</TABLE>

(m) Fully-diluted pro forma net income per share is not presented since common stock equivalents and the Preferred Units are not dilutive.

<TABLE>  
<CAPTION>

FORMA		PRO FORMA		PRO FORMA		PRO	
THE		ADJ. FOR		ADJ. FOR		ADJ. FOR	
AND		ADJ. FOR		ADJ. FOR		TRANSACTION	
OFFERING COMPANY		1996		PRE-MACK		1997	
COMPANY		EVENTS (A)		EVENTS (B)		EVENTS (H)	
HISTORICAL		EVENTS (A)		EVENTS (B)		EVENTS (H)	
PRO FORMA		EVENTS (A)		EVENTS (B)		EVENTS (H)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
REVENUES							
Base rents.....	\$76,922	\$49,087	\$76,655	\$202,664	\$ 126,463	\$	
8,985(f) \$338,112							
Escalations and recoveries from							
tenants.....	14,429	8,870	8,230	31,529	16,855	--	
48,384							
Parking and other.....	2,204	190	4,428	6,822	3,226	--	
10,048							
Interest income.....	1,917	--	(738) (c)	1,179	463	(463)	
(g) 1,179							
Total revenues.....	95,472	58,147	88,575	242,194	147,007	8,522	
397,723							
EXPENSES							
Real estate taxes.....	9,395	5,144	11,039	25,578	15,122	--	
40,700							
Utilities.....	8,138	3,313	6,619	18,070	13,777	--	
31,847							
Operating Services.....	12,129	6,452	12,277	30,858	19,144	--	
50,002							
General and administrative.....	5,800	3,020	4,965	13,785	7,285	--	
21,070							
Depreciation and amortization.....	14,731	8,133	13,021	35,885	27,680	(5,636)	
(i) 57,929							
Interest expense.....	13,758	--	25,608 (d)	39,366 (d)	57,897	(33,651)	
(j) 63,612							
Total expenses.....	63,951	26,062	73,529	163,542	140,905	(39,287)	
265,160							
Income before gain on sale of							
rental property, minority							
interest and extraordinary							
item.....	31,521	32,085	15,046	78,652	6,102	47,809	
132,563							
Gain on sale of rental property...	5,658	(5,658)	--	--	--	--	
--							
Income before minority interest							
and extraordinary item.....	37,179	26,427	15,046	78,652	6,102	47,809	
132,563							
Minority interest.....	4,760	--	3,263 (e)	8,023 (e)	--	--	
20,358 (k) 28,381							
Income before extraordinary item..	\$32,419	\$26,427	\$11,783	\$ 70,629	\$ 6,102	\$ 27,451	
\$104,182							
Weighted average common shares							
outstanding (l).....	18,461						
49,401							
Income before extraordinary item							
per common share (m).....	\$ 1.76						
\$ 2.11							

</TABLE>

MACK--CALI REALTY CORPORATION  
 NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 1996  
 (IN THOUSANDS)

(a) Reflects:

Revenues and expenses of the properties acquired in 1996 for the period January 1, 1996 through the date of acquisition, (as reported by the Company on previously-filed Current Reports on Form 8-K) as follows:

<TABLE>  
<CAPTION>

PROPERTY/TRANSACTION	ACQUIS./COMPLETION DATE	BASE RENTS (2)	ESCALATIONS/ RECOVERIES	OTHER INCOME	REAL ESTATE TAXES	UTILITIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Carnegie.....	March 20, 1996	\$ 386	\$ 31	--	\$ 54	\$ 56
Rose Tree.....	May 2, 1996	1,312	115	--	165	180
Mt. Airy Bldgs. ....	July 23, 1996	665	101	--	101	--
Harborside.....	November 4, 1996	30,884	7,037	\$166	3,096	906
Five Sentry.....	November 7, 1996	1,663	--	--	148	32
Whiteweld.....	December 10, 1996	3,890	326	--	430	748
One Bridge Plaza.....	December 16, 1996	3,597	293	--	420	412
Airport Center.....	December 17, 1996	6,953	1,004	24	780	1,035
Total Pro Forma Adj. for 1996 acquisitions.....		\$49,350	\$8,907	\$190	\$5,194	\$3,369

<CAPTION>

PROPERTY/TRANSACTION	OPERATING SERVICES	GENERAL AND ADMINISTRATIVE	DEPRECIATION (3)
<S>	<C>	<C>	<C>
Carnegie.....	\$ 58	\$ 11	\$ 49
Rose Tree.....	179	43	215
Mt. Airy Bldgs. ....	4	51	107
Harborside.....	3,633	2,048	5,332
Five Sentry.....	325	88	246
Whiteweld.....	543	158	733
One Bridge Plaza.....	659	237	585
Airport Center.....	1,129	395	953
Total Pro Forma Adj. for 1996 acquisitions.....	\$6,530	\$3,031	\$8,220

</TABLE>

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

<TABLE>  
<CAPTION>

PROPERTY/TRANSACTION	ACQUIS./COMPLETION DATE	BASE RENTS (2)	ESCALATIONS/ RECOVERIES	OTHER INCOME	REAL ESTATE TAXES	UTILITIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Essex Road.....	March 20, 1996	(263)	(37)	--	(50)	(56)

<CAPTION>

PROPERTY/TRANSACTION	OPERATING SERVICES	GENERAL AND ADMINISTRATIVE	DEPRECIATION (3)
<S>	<C>	<C>	<C>
Essex Road.....	(78)	(11)	(81)

</TABLE>

Reduction of expense as a result of the Partial Prepayment in 1996, for the period January 1, 1996 through the Partial Payment date, as follows:

<TABLE>  
<CAPTION>

PROPERTY/TRANSACTION	ACQUIS./COMPLETION DATE	BASE RENTS (2)	ESCALATIONS/ RECOVERIES	OTHER INCOME	REAL ESTATE TAXES	UTILITIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Partial Prepayment.....	March 12, 1996	--	--	--	--	--

Total Pro Forma Adj. for 1996

Events.....	\$49,087	\$8,870	\$190	\$5,144	\$3,313
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----

<CAPTION>

PROPERTY/TRANSACTION	OPERATING SERVICES	GENERAL AND ADMINISTRATIVE	DEPRECIATION (3)
<S>	<C>	<C>	<C>
Partial Prepayment.....	--	--	(6)
	-----	-----	-----
Total Pro Forma Adj. for 1996 Events.....	\$6,452	\$3,020	\$8,133
	-----	-----	-----
	-----	-----	-----

</TABLE>

15

MACK--CALI REALTY CORPORATION  
NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 1996  
(IN THOUSANDS)

(b) Reflects:

Revenues and expenses for the properties acquired in 1997 by the Company (as reported by the Company on previously-filed Current Reports on Form 8-K and 8-K/A), for the year ended December 31, 1996, as follows:

REAL ESTATE PROPERTY/TRANSACTION (1) TAXES	AQUIS./COMPLETION DATE	BASE RENTS (2)	ESCALATIONS/RECOVERIES	OTHER INCOME
<S>	<C>	<C>	<C>	<C>
1345 Campus Parkway.....	January 28, 1997	\$ 698	\$ 165	-- \$
90 RM Transaction.....	January 31, 1997	63,083	5,483	\$ 4,393
9,870 Westlakes.....	May 8, 1997	8,659	2,347	--
610 Shelton Place (4).....	July 31, 1997	2,180	193	--
161 200 Corporate.....	August 15, 1997	850	38	35
85 Three Independence.....	September 3, 1997	1,185	4	--
223				
		-----	-----	-----
Total Pro Forma Adj. for Pre-Mack Events.....		\$ 76,655	\$ 8,230	\$ 4,428 \$
11,039		-----	-----	-----
		-----	-----	-----
		-----	-----	-----

<CAPTION>

PROPERTY/TRANSACTION (1)	UTILITIES	OPERATING SERVICES	GENERAL AND ADMINISTRATIVE	DEPRECIATION (3)
<S>	<C>	<C>	<C>	<C>
1345 Campus Parkway.....	\$ 25	\$ 103	\$ 20	\$ 143
RM Transaction.....	4,944	9,876	3,997	10,364
Westlakes.....	1,216	1,627	772	1,734
Shelton Place (4).....	320	292	93	329
200 Corporate.....	--	146	36	170
Three Independence.....	114	233	47	281
	-----	-----	-----	-----
Total Pro Forma Adj. for Pre-Mack Events.....	\$ 6,619	\$ 12,277	\$ 4,965	\$ 13,021
	-----	-----	-----	-----
	-----	-----	-----	-----

</TABLE>

(1) The Moorestown Buildings were vacant during 1996.

(2) Pro Forma base rents are presented on a straight-line basis calculated from January 1, 1996 forward.

- (3) Depreciation is based on the building-related portion of the purchase price and associated costs depreciated using the straight-line method over a 40-year life.
- (4) Revenues and certain expenses for Shelton Place reasonably reflect the operations of the property for the period April 1, 1996 through March 31, 1997. Total revenues of \$444 and Revenue in excess of certain expenses of \$234 for the three months ended March 31, 1997 have been included in both the Pro Forma Condensed Consolidated Statements of Operations for the nine months ended September 30, 1997 and year ended December 31, 1996.

16  
MACK-CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1996

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

- (c) Represents reduction for interest income earned on investments of proceeds from the November 1996 Offering (\$1,463), net of additional interest income earned on the RM Mortgage Receivable (\$725).
- (d) The pro forma adjustment to interest expense for the year ended December 31, 1996 (for the Pre-Mack Events) reflects interest on mortgage debt assumed with certain acquisitions and additional borrowings from the Company's credit facilities to fund acquisitions. Pro forma interest expense for the year ended December 31, 1996 is computed as follows:

<TABLE> <S>	<C>
Interest expense on the Initial Mortgage Financing, after the Partial Prepayment (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).....	\$ 4,867
Interest expense on loan assumed with Fair Lawn acquisition on March 3, 1995 (fixed interest rate of 8.25 percent on average outstanding principal balance of approximately \$18,605).....	1,535
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 outstanding borrowings on the Company's credit lines (a variable rate of 30-day LIBOR plus 125 basis points during the period on \$114,655; weighted average interest rate used is 6.75 percent).....	7,739
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
Historical amortization of deferred mortgage, finance and title costs for the year ended December 31, 1996.....	1,081
	-----
Pre-Mack Events pro forma interest expense for the year ended December 31, 1996.....	\$ 39,366
	-----
	-----

</TABLE>

- (e) Represents pro forma income for 1996 Events and Pre-Mack Events allocated to the pro forma weighted average minority interest (Units) in Mack-Cali Realty L.P. (the Operating Partnership) of 10.20 percent.
- (f) Represents adjustment necessary to reflect rental income on a straight-line basis assuming that the Transaction was consummated as of January 1, 1996.
- (g) Represents reduction of interest income, which was recorded in the Mack Group Historical Financial Statements.

17  
MACK-CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1996

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

- (h) In connection with the consummation of the Transaction, the Company estimates that it will also recognize the following non-recurring charges before minority interest in the Company's Statement of Operations for the period in which the Transaction is completed, which have been excluded from the Company's pro forma operating results:

<TABLE>	
<S>	
Expensing of previously unamortized stock compensation recorded in connection with the Company's executive compensation plans which vested on an accelerated basis as a result of the consummation of the Transaction.....	\$ 11,423
Related tax obligation payments (net of \$645 previously accrued)...	5,874
Additional executive compensation and bonuses paid upon consummation of the Transaction.....	29,046
Amortization of the beneficial conversion feature inherent in the Preferred Units (as an allocation to minority interest) as they are immediately convertible into Common Units upon consummation of the Transaction.....	29,361
	-----
	\$ 75,704
	-----
	-----

</TABLE>

(i) Represents adjustment to reflect depreciation expense (based on a 40-year useful life) related to the Mack Properties acquired by the Company based on the estimated allocated value of buildings and improvements (\$881,750) as follows:

<TABLE>	
<CAPTION>	
<S>	
Pro forma depreciation expense.....	\$ 22,044
Mack Group Historical.....	27,680
	-----
	\$ (5,636)
	-----
	-----

</TABLE>

(j) Reflects reduction of interest expense relating to the Transaction. Pro forma interest expense is computed as follows:

<TABLE>	
<CAPTION>	
<S>	
Interest on Mack Assumed Debt (\$291,883) with an estimated weighted average interest rate of 7.64 percent.....	\$ 22,300
Interest on drawings on the Company's credit facilities of \$28,915 at a weighted average interest rate of 6.73 percent.....	1,946
	-----
	24,246
Mack Group Historical.....	57,897
	-----
	\$ (33,651)
	-----
	-----

</TABLE>

18  
MACK-CALI REALTY CORPORATION

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1996

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

(k) Represents minority interest computed as follows:

<TABLE>		
<CAPTION>		
<S>		
Income before extraordinary item and minority interest.....	<C>	<C>
Dividend yield of 6.75 percent on the preferred units with a par value of \$230,562.....	\$ 132,563	
Income allocable to common stockholders in the Company and unitholders in the Operating Partnership.....		\$ 15,563
	\$ 117,000	
	-----	
Allocation to minority interest based upon weighted average percentage of Common Units outstanding of 10.96 percent, respectively.....		12,818
		-----
Minority interest.....		28,381
Pre-Mack Events pro forma.....		8,023
		-----
		\$ 20,358
		-----
		-----

</TABLE>



See Note (1) to the Pro Forma Condensed Consolidated Balance Sheet as of September 30, 1997 related to assumptions regarding the Contingent Units.

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

<u>&lt;TABLE&gt;</u>	<u>&lt;C&gt;</u>
<u>&lt;CAPTION&gt;</u>	
<u>&lt;S&gt;</u>	<u>&lt;C&gt;</u>
Historical weighted average shares outstanding.....	18,461
Shares issued in connection with the the November 1996 offering.....	17,538
Issued in connection with the August 1996 offering.....	3,450
Adjustment for period of year during which shares issued with the 1996 offerings were outstanding.....	(3,247)
Shares issued in connection with the 1997 Offering.....	13,000
Vesting of 199 shares on an accelerated basis as a result of the Transaction.....	199
	-----
Pro forma weighted average shares outstanding.....	49,401
	-----
	-----

</TABLE>

(m) Fully-diluted pro forma income before extraordinary item per share is not presented since common stock equivalents and the Preferred Units are not dilutive.

19  
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.

Dated: December 24, 1997

<u>&lt;TABLE&gt;</u>	<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>
<u>&lt;S&gt;</u>		
	MACK-CALI REALTY CORPORATION	
By: /s/ THOMAS A. RIZK	-----	
	Thomas A. Rizk	
	CHIEF EXECUTIVE OFFICER	
By: /s/ BARRY LEFKOWITZ	-----	
	Barry Lefkowitz	
	CHIEF FINANCIAL OFFICER	
	AND EXECUTIVE VICE PRESIDENT	

</TABLE>

FIRST AMENDMENT  
TO THE  
CONTRIBUTION AND EXCHANGE AGREEMENT  
AMONG  
THE MK CONTRIBUTORS,  
THE MK ENTITIES,  
THE PATRIOT CONTRIBUTORS,  
THE PATRIOT ENTITIES,  
PATRIOT AMERICAN MANAGEMENT AND LEASING CORP.,  
CALI REALTY, L.P.  
AND  
CALI REALTY CORPORATION

Dated as of: December 11, 1997

FIRST AMENDMENT  
TO THE  
CONTRIBUTION AND EXCHANGE AGREEMENT

THIS FIRST AMENDMENT TO THE CONTRIBUTION AND EXCHANGE AGREEMENT (this "FIRST AMENDMENT") made as of this 11th day of December, 1997 by and among the MK Contributors, the MK Entities, the Patriot Contributors, the Patriot Entities, and Patriot American Management and Leasing Corporation ("PAM"); (the MK Contributors and the Patriot Contributors shall collectively be referred to as the "MACK CONTRIBUTORS" and each individually a "MACK CONTRIBUTOR"); (the MK Entities and the Patriot Entities shall collectively be referred to as the "MACK ENTITIES" and each individually a "MACK ENTITY"); (the Mack Contributors and the Mack Entities shall collectively be referred to as "MACK") and CALI REALTY, L.P., a Delaware limited partnership ("CRLP") and CALI REALTY CORPORATION, a Maryland corporation ("CALI").

W I T N E S S E T H

WHEREAS, MACK, CRLP and Cali have entered into a certain Contribution and Exchange Agreement dated September 18, 1997 (the "Original Agreement", which as amended by this First Amendment, shall hereinafter be referred to as the "AGREEMENT"), whereby MACK has agreed (i) to contribute certain properties, ground leases and/or one-hundred (100%) percent of its partnership, limited liability company and/or other ownership interests in and to certain Mack Entities to CRLP or, at CRLP's direction, to an entity (1) owned by (a) CRLP, (b) Cali and/or (c) Cali's one-hundred (100%) percent owned subsidiaries, and (ii) to cause certain key executives of MACK to become part of the management of Cali;

WHEREAS, MACK, CRLP and Cali have agreed that the Original Agreement is to be amended in accordance with the terms and conditions set forth herein;

WHEREAS, all capitalized terms used in this First Amendment and not otherwise defined herein shall have the meaning ascribed to such terms in the Original Agreement, as amended hereby.

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

1. PROPERTY.

1.1 Based upon the results of due diligence undertaken to date and other developments with respect to the Property,

(a) the property commonly known as Biltmore Plaza or Western Plaza, located at 6001 N. 24th, Phoenix, Arizona, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Patriot American Properties as "No. 3" (the "BILTMORE PROPERTY"), is, pursuant to Section 3.4(b) of the Original Agreement, hereby eliminated from the transaction and deemed a Partner Property, subject to all of the provisions of the Original Agreement applicable thereto, including but not limited to Section 3.4(d) of the Original Agreement, whereby the Biltmore Property may become a Resolved Property and thereby subject to the Put/Call Provisions;

(b) the property commonly known as Mack Murray Hill, located at 890 Mountain Avenue, New Providence, New Jersey, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Mack Properties (the "MURRAY HILL PROPERTY"), is hereby deleted from Schedule 1.1(a)(ii) to the Original Agreement to reflect that the Murray Hill Property is not subject to a ground lease; and

(c) (i) unless a ruling is obtained prior to Closing from the United States Internal Revenue Service (the "IRS") to the effect that Cali's voting interest in a maintenance association constitutes "real estate assets" within the meaning of Section 856(c)(6)(B) for purposes of Section 856(c)(5)(A) of the Internal Revenue Code of 1986, as amended (the "CODE") and the Treasury regulations promulgated thereunder, and that said voting interest will not be considered "voting securities" for purposes of Section 856(c)(5)(B) of the Code, then the property commonly known as Patriot Westage Center, located at 300 South Lake Drive, Fishkill, New York, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Patriot American Properties as "No. 23" (the "FISHKILL PROPERTY") shall be leased to CRLP pursuant to a ninety-nine (99) year ground lease (the "FISHKILL GROUND LEASE"), in the form annexed hereto as Exhibit 1.1(c). In the event that a favorable ruling with respect to the foregoing issues is obtained from the IRS prior to the Closing Date, then this Section 1.1(c) of this First Amendment shall be void AB INITIO, and of no further force and effect, and the Fishkill Property shall be contributed to CRLP, Cali or any of its subsidiaries or affiliates as originally contemplated by the Original Agreement.

(ii) Section 1.3 of the Original Agreement is hereby amended by deleting the words "at Closing" at the end of the first paragraph of Section 1.3 and adding in its place the words "or Ground Lease at Closing".

(iii) Section 5.3 of the Original Agreement is hereby amended by adding the words "or Ground Lease" at the end of the first sentence.

(iv) The Fishkill Ground Lease is not intended, in any way, to limit, curtail or restrict CRLP's rights under the Agreement. In the event of any conflict between

2

the terms and conditions of the Fishkill Ground Lease and the Agreement, the terms and conditions of the Agreement shall govern.

2. EXCHANGE CONSIDERATION ADJUSTMENT.

2.1 To reflect, among other things, the elimination of the Biltmore Property and certain increases in value including the additional value attributable to increased management potential which Cali will be able to realize upon the acquisition of the Exchange Property, the Exchange Consideration shall be adjusted as follows, notwithstanding the terms and provisions of Section 2.6(b) of the Agreement to the contrary:

(a) the total Exchange Consideration shall be one billion one hundred forty-four million seventy-nine thousand and twelve dollars (\$1,144,079,012.00), plus the Warrants, consisting of the following combination:

TYPE OF CONSIDERATION	AMOUNT	DETAILS
Cash:	\$468,958,000.00	
Common Units:	\$125,128,012.00	3,972,318 Units
Series A Preferred Units:	\$27,132,153.00	27,132 Preferred Units
Series B Preferred Units:	\$223,123,847.00	223,124 Preferred Units
Mortgage Debt Amount:	\$299,737,000.00	

## 3. EARNOUT/CONTINGENT UNITS.

3.1 (a) The property commonly known as Mack Centre IV, located at South 61 Paramus Road, Paramus, New Jersey, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Mack properties (the "MACK CENTRE IV PROPERTY"), the property commonly known as Mack Woodbridge II, located at 581 Main Street, Woodbridge, New Jersey, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Mack properties (the "WOODBIDGE PROPERTY"), the property commonly known as Mack Plymouth Meeting, located at 1150 Plymouth Meeting Mall, Plymouth Meeting, Pennsylvania, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Mack properties (the "PLYMOUTH MEETING PROPERTY"), the Murray Hill Property, the property commonly known as Patriot Monticello, located at 3100 Monticello, Dallas, Texas, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Patriot American properties as "No. 12" (the "MONTICELLO PROPERTY"), and the property commonly known as the Phelan Building, located at 760 Market Street, San Francisco, California, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Patriot American properties as "No. 13" (the "PHELAN PROPERTY") currently have unleased square footage (the "UNLEASED SPACE") in the respective amounts per Earnout Property (defined below) shown in Column A on Schedule 3.1(a)

3

annexed hereto. Hereinafter, the Mack Centre IV Property, the Woodbridge Property, the Plymouth Meeting Property, and the Murray Hill Property shall be cumulatively referred to as the "MACK EARNOUT PROPERTIES", and the Monticello Property and Phelan Property shall be cumulatively referred to as the "PATRIOT EARNOUT PROPERTIES"; cumulatively, the Mack Earnout Properties and the Patriot Earnout Properties shall hereinafter be referred to as the "EARNOUT PROPERTIES" or individually as an "EARNOUT PROPERTY". The aggregate assumed annual base rent (the "ASSUMED UNLEASED RENT") attributed by the parties to the Unleased Space in each Earnout Property is shown in Column C on Schedule 3.1(a) (annexed hereto). It shall be the sole responsibility of MACK to lease the Unleased Space, and if the actual aggregate annual base rent from new leases for the Unleased Space (the "EARNOUT RENT") entered into prior to Closing is less than the Assumed Unleased Rent for any particular Earnout Property, then, at Closing, Cali shall issue to MACK either, or all of the following: (i) contingent Common Units ("CONTINGENT COMMON UNITS") in place of the Common Units shown in Column D of Schedule 3.1(a) (annexed hereto), otherwise allocable to the Unleased Space for each Earnout Property, or (ii) contingent Series A Preferred Units ("CONTINGENT SERIES A PREFERRED UNITS") in place of the Series A Preferred Units shown in Column G of Schedule 3.1(a) (annexed hereto) otherwise allocable to the Unleased Space for each Earnout Property, or (iii) Contingent Series B Preferred Units ("CONTINGENT SERIES B PREFERRED UNITS") in place of the Series B Preferred Units shown in Column F of Schedule 3.1(a) (annexed hereto) otherwise allocable to the Unleased Space for each Earnout Property, all in accordance with the formula set forth on Schedule 3.1(a)-A (hereinafter, the Contingent Common Units, the Contingent Series A Preferred Units and the Contingent Series B Preferred Units shall collectively be referred to as the "CONTINGENT UNITS").

(b) For the purposes of this First Amendment, the Earnout Rent shall be equal to the lesser of the annual base rent for the first year of any lease for the Unleased Space, or the average annual base rent over the term of said lease.

(c) (i) Rents from new leases for the Unleased Space within each Earnout Property shall qualify as Earnout Rent for the purposes of triggering the redemption of Contingent Units for Common Units and/or Preferred Units, as applicable, if (i) the new lease satisfies the minimum criteria set forth on Schedule 3.1(c) annexed hereto, (ii) the tenant has commenced paying the first month's rent under said new lease, and (iii) the new lease term has commenced (the "REDEMPTION STANDARD"). The redemption of Contingent Units for Common Units and/or Preferred Units, as is applicable, shall automatically occur once the Redemption Standard has been met (the "REDEMPTION DATE"), in such amounts as earned and on a pro-rata basis amongst all of the Unit Holders and Preferred Unit Holders holding Contingent Units.

(ii) Subject to the provisions of clause (c)(iii) below, the Common or Preferred Units issued upon the redemption of Contingent Units pursuant to this Section 3 shall be entitled to all of the rights attributable to said units including, without limitation, voting and distribution rights, as of the Redemption Date. In any given calendar quarter in which Contingent Units are redeemed for Common Units or Preferred Units, as applicable, such Common Units and Preferred Units shall receive distributions on a pro-rata basis based upon the number of days contained in said calendar quarter between the Redemption Date (including the Redemption Date) and the subsequent Partnership Record Date.

(iii) The Contingent Units shall be subject to the same restrictions, set forth in the Original Agreement, as the Common Units and/or Preferred Units into which they are redeemable, and notwithstanding that the Contingent Units shall not be redeemed until after Closing, for purposes of calculation of the Holding Period only, the Holding Period for the Common Units and/or Preferred Units received pursuant to the redemption of the Contingent Units shall be deemed to commence on the Closing Date.

3.2 (a) For the period commencing immediately after the Closing and ending two (2) years after the Closing (the "INITIAL REDEMPTION PERIOD"), the Contingent Units allocated to any particular Earnout Property shall be redeemable for Common Units and/or Preferred Units, as applicable, in accordance with this Section 3 and the formula set forth on Schedule 3.2(a) (annexed hereto).

(b) If new leases for the balance of the Unleased Space are not entered into on or before the last day of the Initial Redemption Period, Cali, at its option, shall either (i) extend (the "EXTENSION OPTION") the Initial Redemption Period for an additional two (2) years (the "EXTENDED REDEMPTION PERIOD"), or (ii) unless the parties otherwise agree on the value for the Unleased Space, cause the Unleased Space to be appraised and issue Common Units and/or Preferred Units, as applicable, in redemption of Contingent Units based upon the appraised value of the balance of the Unleased Space ("APPRAISED VALUE") in accordance with the formula set forth on Schedule 3.2(b) (annexed hereto).

(c) The appraisal shall be conducted, and the Appraised Value agreed upon, in accordance with the arbitration procedures set forth in Schedule 3.2(c) (annexed hereto).

(d) In the event that Cali elects its Extension Option and there is Unleased Space remaining at the end of the Extended Redemption Period, Cali shall redeem Contingent Units and grant MACK Common Units and/or Preferred Units, as applicable, at the end of the Extended Redemption Period in accordance with Sections 3.2(b)(ii) and 3.2(c) of this First Amendment.

3.3 The Contingent Units, if any, issued at Closing shall be represented by certificates duly issued by CRLP, but shall not be entitled to any economic, voting or other rights under the OP Agreement unless and until they are redeemed for Common Units and/or Preferred Units, as applicable, pursuant to the terms and conditions of this First Amendment.

3.4 Notwithstanding the foregoing formulas, Earnout Rent shall be determined separately for the Mack Earnout Properties and the Patriot Earnout Properties (each such group of properties being hereinafter referred to as a "PORTFOLIO"), and over-achievement in one Earnout Property within a Portfolio may be used to counter-balance under-achievement in another Earnout Property within that particular Portfolio. Over-achievement within one Portfolio will not counterbalance under-achievement in the other Portfolio.

3.5 Under no circumstances shall MACK ever have the ability to redeem Contingent Units for more than the maximum number of Common Units set forth in Column D of Schedule 3.1(a) (annexed hereto) and/or Preferred Units set forth in Column F or G of Schedule 3.1(a) (annexed hereto), on a Portfolio-by-Portfolio basis.

3.6 With respect to the Patriot Earnout Properties, the Earnout Rent will first be applied to the redemption of the Contingent Preferred Units (pro rata between the Contingent Series A Preferred and the Contingent Series B Preferred), and then, after all of the Contingent Preferred Units have been redeemed, to the redemption of the Contingent Common Units.

#### 4. AMENDMENTS TO SCHEDULES.

4.1 The following Schedules (the "AMENDED SCHEDULES") to the Original Agreement are hereby amended as set forth in Schedule 4.1 (annexed hereto) to reflect the adjustments which are required in order to conform said Schedules to the matters agreed upon in this First Amendment:

AMENDED SCHEDULES -----	CONTENT OF SCHEDULE -----
Schedule 2.1	Allocated Property Values
Schedule 7.1(m)	Threshold Amount
Schedule 5.1(f)	Pro Forma Rent Roll
Schedule 26.2(v)	Mack Significant Interest Attribution Rules

The Amended Schedules annexed hereto as Schedule 4.1 hereby replace and supersede the Schedules bearing those numbers annexed to the Original Agreement, which are hereby deemed null and void.

4.2 The parties acknowledge that the Threshold Amount, as set forth in the amended Schedule 7.1(m) (which is annexed hereto as part of Schedule 4.1), has been met.

5. CONTINGENT LIABILITIES.

5.1 The Mack Contributors acknowledge that they are, and shall remain after Closing, responsible for all obligations related to, arising out of or resulting from that certain agreement as amended (the "TRIWEST AGREEMENT") between TriWest Associates, L.P. ("TRIWEST"), William L. Mack, Sandra Mann, John H. Daniels and Paul A. Nussbaum (collectively, with TriWest, the "TRIWEST GROUP") and Western Pacific Associates, L.P. ("WPA") dated December 3, 1992 with respect to the property commonly known as TriWest Plaza, located at 3030 LBJ Freeway, Dallas, Texas, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Patriot American Properties as "No. 22" (the "TRIWEST PROPERTY"), and recorded at Book 92253, page 9493 (the "TRIWEST RECORDING") in the Dallas

6

County Clerk's Office on December 31, 1992, as amended and restated by that certain Amended and Restated Agreement by and among the TriWest Group, WPA and Western Pacific Consulting, Inc. ("WPC"), as assignee of a part of the interest of WPA, and TriWest Land Investors (the "TRIWEST INVESTORS", and together with the TriWest Group, WPA and WPC, hereinafter being collectively referred to as the "TRIWEST PARTIES") dated March 18, 1994, as amended by that certain First Amendment to Amended and Restated Agreement by and among the TriWest Parties dated July 31, 1995 and that certain Second Amendment to Amended and Restated Agreement by and among the TriWest Parties dated December 22, 1995.

5.2 If the TriWest Recording has not been released of record as of the Closing, the parties hereby agree that the TriWest Recording shall thereafter be released by the earlier to occur of (i) sixty (60) days after written notice delivered to the Mack Contributors of CRLP's reasonable determination that the TriWest Recording is materially adversely impacting Cali's efforts to obtain an unsecured debt rating, or CRLP's ability to finance either the TriWest Property or any other property or group of properties which CRLP, Cali or any of its subsidiaries or affiliates shall have an interest in, or (ii) December 31, 2001, (the "RELEASE DATE").

5.3 In the event that the TriWest Recording shall not be released by the Release Date, then MACK hereby authorizes CRLP to (i) satisfy and obtain the release of the TriWest Recording at the Mack Contributors' sole cost and expense (including but not limited to CRLP's reasonable attorney's fees and expenses), plus the maximum permissible interest rate applicable on the Release Date, effective from the Release Date and payable through the date of reimbursement to CRLP or Cali, and (ii) pursue all of CRLP's rights and remedies which may be available in both law and equity. The remedies afforded CRLP in this Section 5.3 are cumulative, and CRLP's pursuit of either (i) or (ii) above shall in no way preclude CRLP's pursuit of the other. The Mack Contributors' obligations with respect to this Section 5 shall not be subject to the one (1) year survival period in Section 5.3 of the Agreement, the liability "floor" of \$1.5 million or the liability "ceiling" of \$50 million in Section 5.3 of the Agreement.

6. PREFERRED UNITS.

6.1 The Certificate of Designation of Series A Preferred Units and Certificate of Designation of Series B Preferred Units, annexed to the Original Agreement as Exhibits 2.4(a)(i) and 2.4(a)(ii), respectively, are hereby amended (the "AMENDED CERTIFICATES") in the form annexed hereto in Schedule 6.1 to reflect, among other things, that the calculation of the number of issued and outstanding shares of Common Stock and Common Units used in determining Cali's ability to issue Qualifying Preferred Units (as defined in each respective Certificate of Designation) without the consent of holders of the Preferred Units includes the aggregate value of the liquidation preference of any non-convertible preferred stock then outstanding.

6.2 MACK, at its option, may cause Cali to issue at Closing to MACK or its affiliates, an amount of Preferred Units which would otherwise be designated as Series A Preferred Units as Series B Preferred Units.

7

6.3 The Amended Certificates annexed hereto as Schedule 6.1 hereby replace and supersede Exhibits 2.4(a)(i) and 2.4(a)(ii) annexed to the Original Agreement, which are hereby deemed null and void.

7. FORM OF ASSIGNMENT OF CONTRIBUTED INTEREST.

7.1 Exhibit 10.2(b)(i) to the Original Agreement, form of Assignment

of Contributed Interest, is hereby deleted in its entirety, and hereby replaced by a new Exhibit 10.2(b)(i) annexed hereto as Schedule 7.1.

8. AMENDMENT TO OP AGREEMENT.

8.1 The parties hereto hereby agree to execute and deliver, as of Closing, the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. in the form annexed hereto as Schedule 8.1.

9. MACK INDEMNITY.

9.1 The MK Contributors hereby agree to indemnify CRLP and Cali for certain obligations and liabilities more particularly set forth in the Indemnification Agreement (the "MACK INDEMNITY") annexed hereto as Schedule 9.1, which shall be executed as of Closing.

10. CALI INDEMNITY.

10.1 CRLP and Cali hereby agree to indemnify the MK Contributors for certain obligations and liabilities more particularly set forth in the Indemnity Agreement (the "CALI INDEMNITY") annexed hereto as Schedule 10.1, which shall be executed as of Closing.

11. RESTRICTIONS ON THE SALE OF PROPERTY.

11.1 Section 27.1 of the Original Agreement is hereby amended by deleting the word "or" immediately preceding "(iv)" in the first sentence of Section 27.1 and by adding the following at the end of the first sentence of Section 27.1 the following:

"or (v) in connection with a sale or disposition of any Exchange Property which is subject to an option to purchase by a Tenant pursuant to a Lease."

12. REPRESENTATIONS AND WARRANTIES OF MACK.

12.1 Section 5.1 of the Original Agreement is hereby amended by adding the following:

8

"(hh) MACK hereby represents and warrants that it has entered into an unconditional binding agreement to acquire one-hundred percent (100%) of the third-party partnership interest of Nancy Creek, Inc., UBSCO Corporation, Carborundum J.V., and Portfolio U. Holdings Corporation (the "FL PARTNERS") with respect to the Exchange Properties known as Mack Centre I, Mack Centre II, Mack Willowbrook and Mack Saddle River. The FL Partners' partnership interest shall be acquired by MACK at Closing and simultaneously contributed by MACK to CRLP by Assignment of Contributed Interest."

12.2 Section 5.1(y)(i) of the Original Agreement is hereby amended by substituting for the word "property" the words "Real Property".

13. CONDITIONS TO CLOSING.

13.1 Section 12.1 of the Original Agreement is hereby amended by adding the following:

"(k) CRLP and Cali shall have executed and delivered to MACK the Cali Indemnity."

13.2 Section 12.1 of the Original Agreement is hereby amended by adding the following:

"(l) MACK shall have executed and delivered to CRLP and Cali the Mack Indemnity."

13.3 Section 12.1 of the Original Agreement is hereby amended by adding the following:

"(m) MACK shall have delivered to CRLP an unconditional commitment letter (provided, however, the commitment letter may contain the condition that the definitive documents evidencing the NY Life Restructuring (defined below) are to be mutually agreed upon by New York Life, the MK Contributors and Mack-Cali Realty, L.P.) executed by New York Life with regard to the restructuring (the "NY LIFE RESTRUCTURING") of the mortgages held by New York Life (the "NEW YORK LIFE MORTGAGES") on the Exchange Properties commonly known as Mack Bridgewater I and Mack Woodbridge II (shown as No.'s 11 and 12 on the Debt Schedule). The parties hereto hereby agree that the executed term sheets annexed hereto as Schedule 13.3

9

(the "NYL Term Sheets) fully satisfy the requirements of this Section 13.3."

14. CLOSING.

14.1 Section 10.2(c) of the Original Agreement is hereby amended by revising clauses (xvii) and (xxi) to be read as follows:

"(xvii) Letter of direction regarding the issuance of the Mack Securities to the Mack Contributors from MACK.", and

"(xxi) Opinions of counsel from Battle Fowler, LLP, Dollinger and Dollinger, P.C., and Akin, Gump, Strauss, Hauer & Feld, L.L.P. in forms to be mutually agreed upon by the parties."

15. CORPORATE NAME CHANGE; CHANGE IN MANAGEMENT; OTHER ARRANGEMENTS; TRANSFER SECURITIES; NUMBER OF COMMON UNITS.

15.1 The fourth and fifth sentences of Section 26.2(i) of the Original Agreement are hereby deleted in their entirety and replaced by the following:

"If any Mack Board Member shall withdraw for any reason, William Mack or if William Mack is not a Board Member, Earle Mack, or if Earle Mack is not a Board Member, Mitchell Hersh (or their respective successors) shall have the right to designate such withdrawing director's replacement on behalf of the Mack Group. William Mack or, if William Mack is not a Board Member, Earle Mack, or if Earle Mack is not a Board member, Mitchell Hersh (or their respective successors), shall have the right to renominate such three (3) members of the Board or replacements selected on behalf of the Mack Group for re-election to the Board when their terms expire so long as Mack's Significant Interest (as defined below) is maintained by the Mack Group."

15.2 The sixth, seventh and eight sentences of Section 26.2(i) of the Original Agreement are hereby deleted in their entirety and replaced by the following:

"Three (3) such members of the Board shall be designated by Cali, two(2) of which shall initially be Thomas A. Rizk and John J. Cali (the "CALI BOARD MEMBERS"), and one of which shall initially be Robert Weinberg (the "RM BOARD MEMBER"). John J. Cali shall remain Chairman of the Board. It is understood that if any Cali Board Member shall withdraw for any reason, the remaining Cali

10

Board Member (or, his respective successor) shall have the right to designate such withdrawing director's replacement. If the RM Board Member shall withdraw for any reason, Robert Weinberg or Martin Berger (or, their respective successor) shall have the right to designate such withdrawing director's replacement."

15.3 (a) The first sentence of Section 26.2(vi) of the Original Agreement is hereby deleted in its entirety and replaced by the following:

"So long as the Mack Group retains Mack's Significant Interest, the Cali Board Members and the RM Board Member shall support the renomination of William Mack, Earle Mack and Mitchell Hersh (and any successor appointed by the Mack Board Members) for successive three-year terms upon the expiration of each three-year term."

(b) The parties hereto hereby agree that if either John J. Cali, Thomas A. Rizk or Robert Weinberg, or any of them, die, voluntarily resign or otherwise become unable to serve so long as the Mack Group retains the Mack Significant Interest, the Mack Board Members (to the extent any remain) shall support the nomination of the individual selected by the survivors of John J. Cali, Thomas A. Rizk or Robert Weinberg to fill the vacancy created by such death, resignation or inability to serve.

15.4 The word "Cali" in the second sentence of Section 26.2(vi) of the Original Agreement is hereby deleted and replaced with the words "the Cali Board Members and the RM Board Member".

15.5 Section 18.5(ii) of the Original Agreement is hereby amended to add the following sentence at the end thereof:

"Any conflict between the terms of Section 13.1 of the OP Agreement and this Agreement as amended shall be resolved in favor of this Agreement as this Agreement may be amended."

15.6 After the words "permitted by Section" in the first line of Section 18.6 of the Agreement, the words "18.4 (ii) and" are hereby added.



15.7 Section 6.1(1)(ii) of the Original Agreement is hereby deleted and replaced with the following:

"As of the second business day immediately preceding the date hereof the issued and outstanding Units held by limited partners of

11

CRLP consist of 4,090,170 Common Units and no Preferred Units."

#### 16. ENVIRONMENTAL REMEDIATION AGREEMENT.

16.1 Pursuant to the terms and conditions of Section 28 of the Original Agreement, CRLP and MACK have agreed, as a result of certain environmental conditions that have been discovered at certain Real Property, which are not material adverse environmental conditions (as such term is described in Section 3.4(a) of the Original Agreement), to correct, investigate, remediate and/or clean up said environmental conditions in accordance with the terms, conditions and provisions of that certain agreement by and among MACK, the MK Contributors, CRLP and Cali which is annexed hereto as Schedule 16.1, and which is hereby deemed binding and effective upon MACK, the MK Contributors, CRLP and Cali by the signing of this First Amendment.

#### 17. MORTGAGES.

17.1 In accordance with Section 2.2 of the Original Agreement, the parties hereto have agreed on which Mortgages CRLP shall be taking title subject to (the "ASSUMED MORTGAGES"). The Assumed Mortgages, and their applicable terms, are more specifically set forth in Schedule 17.1, annexed hereto (the "DEBT SCHEDULE").

17.2 In order to induce CRLP and Cali to take title subject to the Assumed Mortgage, MACK hereby warrants and represents that the Debt Schedule is true, complete and correct in all material respects. Notwithstanding the foregoing, to the extent that a Mortgagee shall certify in its estoppel certificate as to any matters which are contained in the Debt Schedule, then MACK's representation and warranty made in this Section 17.2 as to such matters shall terminate.

#### 18. METHOD OF CONTRIBUTION OF PROPERTY.

18.1 Section 1.3 of the Original Agreement is hereby amended to designate said section as subsection "(a)" and adding a new subsection "(b)" as follows:

"(b) In the event MACK desires to effectuate the Agreement by having the Mack Entities contribute their Property to CRLP, then to the extent such transfer is effectuated as provided for in Section 1.3(a), such transfers shall be treated for all purposes as a contribution by the Mack Entities of their respective Property and a distribution by the Mack Entity of the Exchange Consideration it receives, from CRLP, to its respective partners or members."

12

#### 19. ESTOPPELS.

19.1 The Patriot Contributors hereby acknowledge that certain Estoppel Certificates relating to the Patriot Entities required to be delivered to CRLP and Cali at Closing pursuant to Section 9 of the Original Agreement contain errors with regard to Tenants' options to acquire all or any portion of the Property.

19.2 The Patriot Contributors hereby represent and warrant that except as set forth in Schedule 5.1 to the Original Agreement, no Tenant, including but not limited to Tetco, Inc., a tenant in the Exchange Property commonly referred to as Tetco Towers, has any option to acquire all or any portion of the Property.

19.3 The second sentence of Section 5.3 of the Original Agreement shall not apply to Section 19.2 of this First Amendment unless and until the Patriot Contributors deliver to Cali or CRLP a revised Estoppel Certificate which corrects the errors referred to in Section 19.1 of this First Amendment.

#### 20. POST-CLOSING ITEMS.

20.1 (a) The MK Contributors hereby covenant and agree that no later than thirty (30) days after Closing, the second Mortgages held by The Mitsubishi Trust and Banking Corporation ("Mitsubishi") relating to the Exchange Properties

commonly known as Kemble Plaza I and Kemble Plaza II (shown as No.'s 22 and 23 on the Debt Schedule) shall be completely released, and, as a result, that with regard to the first Mortgages on said properties, that the applicable letters of credit are extinguished, and the escrow requirements are removed.

(b) The MK Contributors hereby covenant and agree that no later than thirty (30) days after Closing the MK Contributors, at their sole cost and expense, shall obtain from Mitsubishi executed and acknowledged certificates of mortgage reduction, and file said certificates in the applicable recording offices against the Exchange Properties commonly known as Kemble Plaza I and Kemble Plaza II, to reflect the payments in the approximate amounts of: (i) twenty million four-hundred and five thousand dollars (\$20,405,000.00) applied towards the Kemble I Mortgage, and (ii) twenty-four million fifty-thousand dollars (\$24,050,000.00) applied towards the Kemble II Mortgage, which payments were made at Closing in partial satisfaction of the first Mortgages (shown as No.'s 22 and 23 on the Debt Schedule) held by Mitsubishi on said Exchange Properties.

20.2 The parties hereto hereby agree, that (i) Mack-Cali shall be responsible for satisfying that portion of the NY Life Restructuring attributable to the "Proposed Reduction", as that term is used in the NYL Term Sheets, in the amount of eight million five-hundred and eight thousand two-hundred and eighty-seven dollars (\$8,508,287.00), and nothing else, and (ii) the MK Contributors shall be responsible for satisfying all of the other terms and conditions of the NY Life Restructuring contained in the NYL Term Sheets, including, but not limited to, satisfying all pre-payment penalties, interest rate buy-down fees and legal fees. The parties hereto hereby agree and acknowledge that any rebate, credit, deduction, offset or similar

13

consideration paid or given to the borrower under the NY Life Mortgages as a result of the retroactive interest rate deduction shall accrue entirely to the benefit of Mack-Cali.

20.3 With respect to the property commonly known as Mack Glendale or Honeywell, located at 5551 West Talavi Blvd., Glendale, AZ, and which is referenced in Schedule 1.1(a)(i) to the Original Agreement under the Mack Properties ("HONEYWELL"), the parties hereto hereby acknowledge (i) Mack Glendale Limited Partnership, the fee owner of Honeywell, has recently acquired fee ownership of an adjacent parcel, described in the preliminary Ticor Title Insurance Company title report annexed hereto as EXHIBIT 20.3-A (the "PARKING PARCEL TITLE POLICY") order number 159717819/PL/VS/md as Lot 4, TALAVI, according to Book 331 of Maps, Page 44, records of Maricopa County, Arizona, which is to be used as a parking lot (the "PARKING PARCEL"), and (ii) that CRLP and Cali have neither inspected nor otherwise investigated the environmental condition or state of title on the Parking Parcel. Notwithstanding (ii) above, CRLP shall take fee ownership of the Parking Parcel at Closing in conjunction with the assignment of partnership interest of Mack Glendale Limited Partnership to CRLP, provided the MK Contributors shall indemnify and hold CRLP and Cali harmless from any and all cost and expenses (including, but not limited to, reasonable attorneys' fees and disbursements) in the event that (A) any material adverse environmental condition is found to exist on the Parking Parcel other than as shown in the Phase I Environmental Report, written by Dames and Moore, and dated September 18, 1997, a copy of which is annexed hereto as EXHIBIT 20.3-B, or (B) any defect in title exists which is not reflected in the Parking Parcel Title Policy. In addition, in the event of (A) or (B) immediately above, Mack Glendale Limited Partnership, CRLP, or its affiliates, successors and assigns, shall have the right, at its sole discretion, to convey by deed transfer to the MK Contributors or their designee, the Parking Parcel, and the MK Contributors hereby agree to accept such transfer (and pay all costs and expenses associated therewith, including, but not limited to, all transfer taxes and recording fees) and thereafter lease back the Parking Parcel to Mack Glendale Limited Partnership, CRLP, or its affiliates, successors and assigns, at a rate of ten dollars per (\$10.00) year.

20.4 The MK Contributors, CRLP and Cali hereby agree that in the event of any dispute or discrepancies as to the post-Closing items set forth in this First Amendment shall be submitted for arbitration in accordance with the provisions set forth in Schedule 3.2(c) annexed hereto.

20.5 The parties hereto hereby agree to proceed in good faith after Closing to rectify and correct any errors or mistakes with regard to the adjustments made at Closing pursuant to Section 11 of the Original Agreement, including, without limitation, the cost of all tenant improvement obligations and leasing commissions, any receivables and payables, Additional Rents and Taxes.

21. TENANT IMPROVEMENT, RESTORATION AND OTHER OBLIGATIONS.

14

21.1 (a) Schedules 5.1(m-1) and (m-2) to the Original Agreement are

hereby deleted in their entirety, and replaced with new versions of Schedules 5.1(m-1) and (m-2) annexed hereto as SCHEDULE 20.1-A. In addition, a new Schedule 5.1(m-3) is hereby added to the Original Agreement, annexed hereto as Schedule 20.1-B.

(b) Section 11.6 of the Original Agreement is hereby deleted in its entirety, and replaced with the following:

"At the Closing, CRLP shall be credited with those unpaid leasing commissions, tenant improvement obligations and other capital expenditures related to Exchange Property and deemed "Total Patriot Responsibility" on Schedule 5.1(m-1) annexed hereto, in the amount of \$1,295,059.67 (the "PATRIOT IMPROVEMENT OBLIGATIONS COST"), and which are the obligations of MACK. Those unpaid leasing commissions, tenant improvement obligations and other capital expenditures related to Exchange Property and deemed "Total Mack Responsibility" on Schedule 5.1(m-1), in the amount of \$5,713,234.62 (the "MACK IMPROVEMENT OBLIGATIONS COST"), and which are the obligations of MACK shall be assumed by CRLP subject to the terms and conditions of Section 13 of this Agreement."

(c) The last sentence of Section 13.1 is hereby deleted in its entirety and replaced with the following:

"CRLP shall receive a credit at Closing pursuant to Section 11.6 of this Agreement for the Patriot Improvement Obligations Cost, and the performance and/or satisfaction of the leasing commissions, tenant improvement obligations, capital expenditures and other costs related to the Patriot Improvement Obligations Cost shall be the post-closing obligation of Mack-Cali. CRLP shall not receive a credit at Closing for the Mack Improvement Obligations Cost, nonetheless, except as set forth herein, the performance and/or satisfaction of the leasing commissions, tenant improvement obligations, capital expenditures and other costs related to the Mack Improvement Obligations Cost shall be the post-closing obligation of Mack-Cali; provided, however, that in consideration for CRLP agreeing to forgo a credit at Closing for the Mack Improvement Obligations Cost, the MK Contributors hereby agree to (i) pay directly \$2,153,538.97 of such Mack Improvement Obligations Cost as set forth on Schedule 5.1(m-3) on or before March 15, 1998, and (ii) repay to CRLP after Closing, the remaining \$3,559,695.65 of such Mack Improvement Obligations Cost, in thirty-six (36) equal monthly installments (due and payable on the first day of each month, commencing January 1, 1998), and which shall bear interest at a rate of seven percent (7%) per annum on the remaining balance. Notwithstanding the foregoing, in no event shall CRLP be obligated to expend, at any given time, in order to satisfy the Mack Improvement Obligations Cost, more than the MK

15

Contributors have, up to that time, re-paid to CRLP, excluding interest. In the event CRLP expends more than the MK Contributors have re-paid, at any given time, then the MK Contributors shall, upon ten (10) days' notice remit to CRLP that amount (not to exceed the unpaid balance of the Mack Improvement Obligations Cost) which CRLP has paid in excess of the amount received from the MK Contributors and the amount of each monthly payment to be made thereafter pursuant to this Section 21(c) shall be re-calculated in accordance with the formula set forth on SCHEDULE 21.1(C)."

21.2 MACK and the MK Contributors hereby acknowledge and agree that they are responsible for completing the restoration and subsequent build-out of the Phelan Property, in the amounts of (i) five million dollars (\$5,000,000.00) for the restoration, and (ii) two million five-hundred thousand dollars (\$2,500,000.00) for the subsequent build-outs. MACK and the MK Contributors hereby agree that it shall promptly complete said restoration and build-outs in a manner conforming to other Class A office buildings in San Francisco, California and otherwise acceptable to Mack-Cali.

## 22. MISCELLANEOUS.

22.1 This First Amendment constitutes the entire agreement between the parties and incorporates and supersedes all prior negotiations and discussions between the parties, and, except as modified herein, the Original Agreement shall remain in full force and effect. This First Amendment shall be binding upon and inure solely to the benefit of each party hereto and their successors and assigns, and nothing in the First Amendment 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 First Amendment.

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

22.3 This First Amendment shall be interpreted and governed by the

laws of the State of New York and shall be binding upon the parties hereto and their respective successors and assigns.

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

22.5 If any term, covenant or condition of this First Amendment is held to be invalid, illegal or unenforceable in any respect, this First Amendment shall be construed without such provision.

16

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

22.7 All of the Schedules and Exhibits annexed hereto are, by this reference, incorporated herein.

22.8 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

17

---

CERTIFICATE OF DESIGNATION  
 OF  
 SERIES A PREFERRED  
 OPERATING PARTNERSHIP UNITS  
 OF  
 LIMITED PARTNERSHIP INTEREST  
 OF  
 MACK-CALI REALTY, L.P.

---

Series A Preferred Units

A series of 27,132 operating partnership units of Preferred Limited Partnership Interests, par value \$0.001 per unit, of Mack-Cali Realty, L.P. (the "Company") shall be created and be designated "Series A Preferred Units" having the following rights and preferences:

DESIGNATION OF SERIES A PREFERRED UNITS. The rights, preferences, powers, privileges and restrictions, qualifications and limitations granted to or imposed upon the Series A Preferred Units (referred to hereinafter sometimes as the "Designations") shall be as set forth below. The Company may issue the Series B Preferred Units pursuant to the Certificate of Designation of even date herewith ("Series B Preferred Units") and, subject to the limitations set forth below, other additional series of Preferred Units whose rights, preferences, powers, privileges and restrictions, qualifications and limitations regarding Distributions (as hereinafter defined) and/or liquidation that are either subordinate to, or pari passu with, the Designations of the Series A Preferred Units; Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Company Partnership Agreement, dated as of August 31, 1994, as amended as of January 16, 1997 and December 11, 1997 (the "Partnership Agreement"). The Partnership Agreement is on file at the principal place of business of the Company and copies will be made available on request and without cost to any unit holder of the Company so requesting.

1. Stated Value. The stated value of the Series A Preferred Units shall be one thousand dollars (\$1,000.00) per unit (the "Stated Value").

2. Distributions.

(a) Subject to Section 2(b) below, commencing from the date of initial issuance of units of Series A Preferred Units (the "Date of Issuance"), distributions (the "Distributions") on each unit of Series A Preferred Units shall be payable in arrears quarterly, in an amount equal to the greater of: (i) \$16.875 or (ii) the quarterly distribution attributable to a unit of Series A Preferred Units if such unit had been converted into Common Units (as hereinafter defined), pursuant to Section 4 hereof; provided, however, that the Distribution to be made on Series A Preferred Units on the Distribution Payment Date (as defined below) immediately following the Date of Issuance shall be made on a pro rata basis based upon the number of days during that calendar quarter preceding that initial Distribution Payment Date that Series A Preferred Units were held by any holder. The Distributions shall be declared and payable whenever distributions on the Common Units are declared and paid but no less frequently than approximately once every three months (a "Distribution Payment Date"). If on any Distribution Payment Date the Company shall not be lawfully permitted under Delaware law to pay all or a portion of any such declared Distributions, the Company shall take such action as may be lawfully permitted in order to enable the Company to the extent permitted by Delaware law, lawfully to pay such Distributions. Distributions shall be cumulative from the Date of Issuance, whether or not in any Distribution period such Distribution shall be declared or there shall be funds of the Company legally available for payment of such Distributions. No Distributions shall be declared or paid on any class of Common Units or any other class or series of Preferred Units, other than Distributions declared and paid on the Series B Preferred Units and, subject to the limitations set forth in Section 6(b) (ii), such series of Preferred Units which, by the terms of such series Certificate of Designation, have rights, preferences, powers, privileges and restrictions, qualifications and limitations that are pari passu with the Series A Preferred Units (such Preferred Units hereinafter referred to as "Qualifying Preferred Units"), until all Distributions, if any, due and

legally payable on the Series A Preferred Units have been paid to the holders of such units. The record date for the payment of Distributions on the Series A Preferred Units shall be the day immediately prior to each such Distribution Payment Date.

(b) For purposes of this Certificate of Designation "Business Day" shall mean any day, excluding Saturday, Sunday and any other day on which commercial banks in New York are authorized or required by law to close.

3. Liquidation. The Series A Preferred Units shall be preferred as to assets over any class of Common Units or other class of preferred units of the Company, other than Qualifying Preferred Units, such that in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Units shall be entitled to have set apart for them, or to be paid out of the assets of the Company, before any distribution is made to or set apart for the holders of the Common Units or other series of preferred units or any other capital interest heretofore or hereafter issued, other than Qualifying Preferred Units, an amount in cash equal to the Stated Value per unit plus any "Accrued Distributions" (as defined below) as of such date of payment. "Accrued Distributions" shall mean, as of any date of determination, an amount equal to the amount of Distributions, determined at the rate fixed for the payment of distributions on the Series A Preferred Units on such date as provided in Section 2 hereof which would be paid on the Series A Preferred Units for the period of time elapsed from the most recent

2

actual Distribution Payment Date to the date of determination; provided, however, Accrued Distributions shall not include any amounts applicable to any time period from the last regular Distribution Payment Date to the date of determination unless the date of determination is a Distribution Payment Date. If the assets or surplus funds to be distributed to the holders of the Series A Preferred Units are insufficient to permit the payment to such holders of their full preferential amount, the assets and surplus funds legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Units in proportion to the full preferential amount each such holder is otherwise entitled to receive.

#### 4. Conversion of Series A Preferred Units.

The holders of Series A Preferred Units shall have the following conversion rights:

(i) Optional Right to Convert. Each share of Series A Preferred Units shall be convertible, at any time (with such date being referred to as the "Conversion Date") and at the Conversion Price set forth below, into fully paid and nonassessable of common units of limited partner interests of the Company ("Common Units"), at the option of the holder as set forth below ("Optional Conversion").

(ii) Mechanics of Conversion. Each holder of Series A Preferred Units who desires to convert the same into shares of Common Units shall provide notice to the Company in the form of the Notice of Conversion attached to this Certificate of Designation agreement pursuant to which the Series A Preferred Units were issued (a "Conversion Notice") via telecopy, hand delivery or other mail or messenger service. The original Conversion Notice and the certificate or certificates representing the Series A Preferred Units for which conversion is elected, shall be delivered to the Company by nationally recognized courier, duly endorsed. The date upon which a Conversion Notice is initially received by the Company shall be a "Notice Date."

The Company shall use all reasonable efforts to issue and deliver within three (3) Business Days after the Notice Date, to such holder of Series A Preferred Units at the address of the holder on the books of the Company, (i) a certificate or certificates for the number of Common Units to which the holder shall be entitled as set forth herein, and (ii) if the Series A Preferred Units represented by this certificate have been converted only in part, a new certificate evidencing the Series A Preferred Units not subject to the conversion; provided that the original certificates representing the Series A Preferred Units to be converted are received by the transfer agent or the Company within three Business Days after the Notice Date and the person or persons entitled to receive the Common Units issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Units on such date such original certificates are received. If the original certificates representing the Series A Preferred Units to be converted are not received by the transfer agent or the Company within three Business Days after the Notice Date, the Conversion Notice shall become null and void.

3

(iii) Conversion Price. Each unit of Series A Preferred Units shall be convertible into a number of Common Units or

fraction of Common Units obtained pursuant to the following formula (the "Conversion Formula"):

$$\frac{\text{Redemption Price}}{\text{Conversion Price}}$$

where:

Redemption Price = for each unit of Series A Preferred Units for which conversion is being elected, such unit's Stated Value, plus any Accrued Distributions;

Conversion Price = \$34.65

(iv) Mandatory Conversion. At any time following the seven year six month anniversary of the date hereof (the "Mandatory Conversion Period"), the Company may cause the conversion (a "Mandatory Conversion") of the Series A Preferred Units outstanding during the Mandatory Conversion Period into Common Units pursuant to the Conversion Formula, as set forth above; provided, however, that no such Mandatory Conversion may occur unless for any twenty (20) trading day period, within the thirty (30) consecutive trading day period immediately preceding the Mandatory Conversion Date (as hereinafter defined), the closing price of Common Stock (as hereinafter defined), as reported daily in the Wall Street Journal, equals or exceeds \$34.65 (subject to adjustment pursuant to Subsection (vii) below) for each such day; provided, further, that no Mandatory Conversion may be effective with a Mandatory Conversion Date during the time between the record date for Distributions and the Distribution Payment Date for such record date.

To effect a Mandatory Conversion, the Company shall issue to each holder of record a notice stating that the Company is effecting a Mandatory Conversion with regard to the Series A Preferred Units. Such notice shall contain a statement indicating the number of units of Series A Preferred Units subject to the Mandatory Conversion, and if less than all outstanding Series A Preferred Units are being so converted, the percentage of units of Series A Preferred Units held by each holder subject to the Mandatory Conversion. Unless otherwise agreed to by the holders of Series A Preferred Units and the Company, any such Mandatory Conversion shall be exercised by the Company on a pro rata basis among all holders of Series A Preferred Units and all holders of Series B Preferred Units. On the Mandatory Conversion Date, the certificates representing each of the Series A Preferred Units outstanding shall automatically, with no further action required by any holder or the Company, represent the number of Common Units of such holder, and such Series A Preferred Units remaining if less than all outstanding units of Series A Preferred Units were so converted, for which each Series A Preferred Unit was converted in accordance with this Section 4(iv). As promptly as practicable after the Mandatory Conversion Date, the Company shall issue and shall deliver to the holders of Series A Preferred Units subject to the Mandatory Conversion (i) a certificate representing the number of Common Units to which

4

the Series A Preferred Units were converted in accordance with the provisions of this Section 4(v) and (ii) if less than all outstanding Series A Preferred Units were so converted, upon submission to the Company of the certificate or certificates representing the Series A Preferred Units held by such holder immediately prior to the Mandatory Conversion, a new certificate evidencing the Series A Preferred Units held by such holder immediately following the Mandatory Conversion (until such time as such certificate or certificates are submitted to the Company, the certificate or certificates representing the Series A Preferred Units held by a holder immediately prior to the Mandatory Conversion shall be deemed to represent the number of Series A Preferred Units held by such holder immediately following the Mandatory Conversion). Such conversion shall be deemed to have been effected on the opening of business on the date the notice was sent by the Company to the holders of record of Series A Preferred Units (the "Mandatory Conversion Date"), and at such time the rights of the holder as holder of the converted Series A Preferred Units shall cease and the person or persons in whose name or names any certificate or certificates for Common Units shall be issuable upon such Mandatory Conversion shall be deemed to have become the holder or holders of record of the Common Units represented thereby.

(v) Reservation of Common Units Issuable Upon Conversion.

The Company shall at all times reserve and keep available out of its authorized but unissued units of Common Units, solely for the purpose of effecting the conversion of the Series A Preferred Units, such number of its units of Common Units as shall from time to time be sufficient to effect the conversion of all then outstanding Series A Preferred Units; and if at any time the number of authorized but unissued units of Common Units shall not be sufficient to effect the conversion of all then outstanding Series A Preferred Units, the Company will take such action as may be necessary to

increase its authorized but unissued units of Common Units to such number of units as shall be sufficient for such purpose.

(vi) Adjustment to Conversion Price.

(a) If, prior to the conversion of all shares of Series A Preferred Units, the number of outstanding units of Common Units is increased by a unit split or other similar event, the Conversion Price shall be proportionately reduced, or if the number of outstanding Common Units is decreased by a combination or reclassification of units, or other similar event, the Conversion Price shall be proportionately increased.

(b) If prior to the conversion of all shares of Series A Preferred Units, there shall be any merger, consolidation, exchange of units, recapitalization, reorganization, or other similar event, as a result of which Common Units of the Company shall be changed into the same or a different number of securities of the same or another class or classes of units or securities of the Company or another entity, then the holders of Series A Preferred Units shall thereafter have the right to purchase and receive upon conversion of units of Series A Preferred Units, upon the basis and upon the terms and conditions specified herein and in lieu of the Common Units immediately theretofore issuable upon conversion, such units and/or securities as may be issued or payable with respect to or in exchange for the number of Common Units immediately theretofore purchasable and receivable upon the conversion of units

5

of Series A Preferred Units held by such holders had such merger, consolidation, exchange of shares, recapitalization or reorganization not taken place, and in any such case appropriate provisions shall be made with respect to the rights and interest of the holders of the Series A Preferred Units to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of Common Units issuable upon conversion of the Series A Preferred Units) shall thereafter be applicable, as nearly as may be practicable in relation to any units or securities thereafter deliverable upon the exercise hereof. The Company shall not effect any transaction described in this subsection unless the resulting successor or acquiring entity (if not the Company) assumes by written instrument the obligation to deliver to the holders of the Series A Preferred Units such units and/or securities as, in accordance with the foregoing provisions, the holders of the Series A Preferred Units may be entitled to receive upon conversion thereof.

(c) If any adjustment under this subsection would create a fractional unit of Common Units or a right to acquire a fractional unit of Common Units, such fractional units shall be issued.

D. Status of Converted Units. In the event any Series A Preferred Units shall be converted as contemplated by this Certificate of Designation, the units so converted shall be canceled, and shall not be issuable by the Company as Series A Preferred Units.

E. Distributions on Converted Units. All distributions to be made with respect to Common Units received pursuant to an Optional Conversion of Series A Preferred Units or a Mandatory Conversion of Series A Preferred Units shall be determined as if the Common Units were received on the first Business Day following the date of the last regular distribution made with respect to the Common Units (i.e. the holders of the Common Units received upon conversion shall be entitled to the full quarterly distribution with respect to such Common Units); provided, however, that in the case of a Mandatory Conversion, if such Mandatory Conversion occurs on a date other than a Distribution Payment Date, on the Distribution Payment Date immediately following the Mandatory Conversion, the holder of Common Units received pursuant to such Mandatory Conversion shall receive a distribution equal to the greater of (i) the distribution to be received by holders of Common Units on such date (the "Common Unit Distribution") and (ii) the sum of (A) the Distribution multiplied by the quotient obtained by dividing (1) the number of days elapsed between the previous Distribution Payment Date and the Mandatory Conversion Date by (2) the total number of days elapsed between the previous Distribution Payment Date and the then current Distribution Payment Date (the "Total Conversion Period Days") and (B) the Common Unit Distribution multiplied by the quotient obtained by dividing (1) the number of days elapsed between the Mandatory Conversion Date and the then current Distribution Payment Date by (2) the Total Conversion Period Days.

5. No Reissuance. Any shares of Series A Preferred Units exchanged, redeemed, purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof.

6

6. Voting Rights. (a) Except as otherwise specifically provided by the Revised Uniform Limited Partnership Act of the State of Delaware or as



otherwise provided herein, the holders of Series A Preferred Units shall be entitled to vote on any matters required or permitted to be submitted to the holders of Common Units for their approval, and such holders of Series A Preferred Units and holders of Common Units shall vote as a single class with the holders of Series A Preferred Units having the number of votes to which they would be entitled if the Series A Preferred Units were converted into Common Units, in accordance with the Conversion Formula.

(b) The Company shall not, without the affirmative consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of then outstanding units of the Series B Preferred Units (without the need for consent of the holders of Series A Preferred Units):

(i) increase or decrease (other than by conversion) the total number of authorized shares of Series A Preferred Units;

(ii) in any manner authorize, create or issue any additional preferred units or any class or series of capital interests, in either case (A) ranking, either as to payment of distributions or distribution of assets, equal or prior to, the Series A Preferred Units or (B) which in any manner adversely affects the holders of units of Series A Preferred Units, or authorize, create or issue any capital interests of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having optional rights to purchase, any capital interests having any such preference or priority or so adversely affecting the holders of Series A Preferred Units; provided, however, that the affirmative consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding units of the Series B Preferred Units shall not be required for issuances of Qualifying Preferred Units in an aggregate amount of less than the greater of (1) \$200,000,000 in stated value and (2) ten percent (10%) of the sum of (A) the product obtained by multiplying (x) the average trading price of Common Stock (as reported daily in the Wall Street Journal) for the five (5) trading days immediately preceding the date of issuance of such Qualifying Preferred Stock, times (y) the total number of the then issued and outstanding Common Units and shares of Common Stock, including all Common Units and shares of Common Stock underlying all outstanding preferred stock, preferred units and convertible debt, which by their respective terms are convertible into either Common Units or Common Stock and (B) the aggregate value of the liquidation preference underlying any then outstanding shares of preferred stock of MC Corp. (as hereinafter defined) which, by the terms of such preferred stock, are not convertible into Common Stock, Common Units, or any security which is ultimately convertible into Common Stock or Common Units;

(iii) in any manner alter or change the designations or the powers, preferences or rights, or the qualifications, limitations or restrictions of the Series A Preferred Units; and

(iv) reclassify the Common Units or any other units of any class or series of capital interests hereafter created junior to the Series A Preferred Units into capitalization of any class or series of capital interests (A) ranking, either as to payment of

7

dividends or distribution of assets equal or prior to the Series A Preferred Units, or (B) which in any manner adversely affects the holders of Series A Preferred Units.

7. Notice of Certain Events. If at any time, to the extent permitted hereunder the Company and/or Mack-Cali Realty Corporation, a Maryland corporation ("MC Corp.") proposes:

(a) to pay any distribution or dividend payable in securities (of any class or classes) or any obligations, stock or units convertible into or exchangeable for Common Units or the common stock of MC Corp., par value \$.01 per share ("Common Stock") upon either of their capital securities, including without limitation (i) Common Units or Common Stock or (ii) a cash distribution other than its customary quarterly cash distribution (collectively, an "Extraordinary Distribution");

(b) to grant to the holders of its Common Units or Common Stock generally any rights or warrants (excluding any warrants or other rights granted to any employee, director, officer, contractor or consultant of the Company or MC Corp. pursuant to any plan approved by the general partner of the Company or the Board of Directors of the MC Corp.) (a "Rights Distribution");

(c) to effect any capital reorganization or reclassification of capital securities of the Company or MC Corp.;

(d) to consolidate with, or merge into, any other company or to transfer its property as an entirety or substantially as an entirety; or

(e) to effect the liquidation, dissolution or winding up of the Company or MC Corp.,

then, in any one or more of the foregoing cases, the Company shall give, by certified or registered mail, postage prepaid, addressed to the holders of Series A Preferred Units at the address of such holders as shown on the record books of the Company, (i) at least thirty (30) days' prior written notice of the date on which the books of the Company shall close or of a record date fixed for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and (ii) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, at least thirty (30) days' prior written notice of the date when the same shall take place. Any notice given in accordance with the foregoing clause (i) shall also specify, in the case of any such dividend, distribution or option rights, the date on which the holders of any class of capital securities shall be entitled thereto.

8. Payment of Extraordinary Distributions. For purposes of payment of Extraordinary Distributions and/or Rights Distributions on capital securities of the Company only, upon the declaration of such Extraordinary Distribution

8

and/ or Rights Distribution to holders of Common Units, Series A Preferred Units shall receive such Extraordinary Distribution and/or Rights Distribution as if they had been converted to Common Units, pursuant to the Conversion Formula, as of the record date for receipt of such Extraordinary Distribution and/ or Rights Distribution.

9. Rank and Limitations of Preferred Units. All units of Series A Preferred Units shall rank equally with each other unit of Series A Preferred Units and shall be identical in all respects.

10. Joinder with Mack-Cali Realty Corporation Hereunder. The Company joins in the covenant of the MC Corp. set forth below.

December 11, 1997

MACK-CALI REALTY, L.P.  
By: Mack-Cali Realty Corporation,  
its General Partner

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

So long as any Series A Preferred Units are outstanding, the undersigned agrees to (i) maintain the one-to-one equivalence of a share of Common Stock and a Common Unit and (ii) not issue any capital stock which would cause any capital interest in the Partnership to be equal or senior to the Series A Preferred Units, except as set forth in Section 6(b)(ii) herein.

December 11, 1997

MACK-CALI REALTY CORPORATION

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

9

---

CERTIFICATE OF DESIGNATION  
OF  
SERIES B PREFERRED  
OPERATING PARTNERSHIP UNITS  
OF  
LIMITED PARTNERSHIP INTEREST  
OF  
MACK-CALI REALTY, L.P.

---

Series B Preferred Units

A series of 223,124 operating partnership units of Preferred Limited Partnership Interests, par value \$0.001 per unit, of Mack-Cali Realty, L.P. (the "Company") shall be created and be designated "Series B Preferred Units" having the following rights and preferences:

DESIGNATION OF SERIES B PREFERRED UNITS. The rights, preferences, powers, privileges and restrictions, qualifications and limitations granted to or imposed upon the Series B Preferred Units (referred to hereinafter sometimes as the "Designations") shall be as set forth below. The Company may issue the Series A Preferred Units pursuant to the Certificate of Designation of even date herewith ("Series A Preferred Units") and, subject to the limitations set forth below, other additional series of Preferred Units whose rights, preferences, powers, privileges and restrictions, qualifications and limitations regarding Distributions (as hereinafter defined) and/or liquidation that are either subordinate to, or pari passu with, the Designations of the Series B Preferred Units; Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Company Partnership Agreement, dated as of August 31, 1994, as amended as of January 16, 1997 and December 11, 1997 (the "Partnership Agreement"). The Partnership Agreement is on file at the principal place of business of the Company and copies will be made available on request and without cost to any unit holder of the Company so requesting.

1. Stated Value. The stated value of the Series B Preferred Units shall be one thousand dollars (\$1,000.00) per unit (the "Stated Value").

2. Distributions.

(a) Subject to Section 2(b) below, commencing from the date of initial issuance of units of Series B Preferred Units (the "Date of Issuance"), distributions (the "Distributions") on each unit of Series B Preferred Units shall be payable in arrears quarterly, in an amount equal to the greater of: (i) \$16.875 or (ii) the quarterly distribution attributable to a unit of Series B Preferred Units if such unit had been converted into Common Units (as hereinafter defined), pursuant to Section 4 hereof; provided, however, that the Distribution to be made on Series B Preferred Units on the Distribution Payment Date (as defined below) immediately following the Date of Issuance shall be made on a pro rata basis based upon the number of days during that calendar quarter preceding that initial Distribution Payment Date that Series B Preferred Units were held by any holder. The Distributions shall be declared and payable whenever distributions on the Common Units are declared and paid but no less frequently than approximately once every three months (a "Distribution Payment Date"). If on any Distribution Payment Date the Company shall not be lawfully permitted under Delaware law to pay all or a portion of any such declared Distributions, the Company shall take such action as may be lawfully permitted in order to enable the Company to the extent permitted by Delaware law, lawfully to pay such Distributions. Distributions shall be cumulative from the Date of Issuance, whether or not in any Distribution period such Distribution shall be declared or there shall be funds of the Company legally available for payment of such Distributions. No Distributions shall be declared or paid on any class of Common Units or any other class or series of Preferred Units, other than Distributions declared and paid on the Series A Preferred Units and, subject to the limitations set forth in Section 6(b)(ii), such series of Preferred Units which, by the terms of such series Certificate of Designation, have rights, preferences, powers, privileges and restrictions, qualifications and limitations that are pari passu with the Series B Preferred Units (such Preferred Units hereinafter referred to as "Qualifying Preferred Units"), until all Distributions, if any, due and legally payable on the Series B Preferred Units have been paid to the holders of such units. The record date for the payment of Distributions on the Series B Preferred Units shall be the day immediately prior to each such Distribution Payment Date.

(b) For purposes of this Certificate of Designation "Business Day" shall mean any day, excluding Saturday, Sunday and any other day on which commercial banks in New York are authorized or required by law to close.

3. Liquidation. The Series B Preferred Units shall be preferred as to assets over any class of Common Units or other class of preferred units of the Company, other than Qualifying Preferred Units, such that in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series B Preferred Units shall be entitled to have set apart for them, or to be paid out of the assets of the Company, before any distribution is made to or set apart for the holders of the Common Units or other series of preferred units or any other capital interest heretofore or hereafter issued, other than Qualifying Preferred Units, an amount in cash equal to the Stated Value per unit plus any "Accrued Distributions" (as defined below) as of such date of payment. "Accrued Distributions" shall mean, as of any date of determination, an amount equal to the amount of Distributions, determined at the rate fixed for the payment of distributions on the Series B Preferred Units on such date as provided in Section 2 hereof which would be paid on the Series B Preferred Units for the period of time elapsed from the most recent

2

actual Distribution Payment Date to the date of determination; provided, however, Accrued Distributions shall not include any amounts applicable to any time period from the last regular Distribution Payment Date to the date of determination unless the date of determination is a Distribution Payment Date. If the assets or surplus funds to be distributed to the holders of the Series B Preferred Units are insufficient to permit the payment to such holders of their full preferential amount, the assets and surplus funds legally available for distribution shall be distributed ratably among the holders of the Series B Preferred Units in proportion to the full preferential amount each such holder is otherwise entitled to receive.

4. Conversion of Series B Preferred Units.

The holders of Series B Preferred Units shall have the following conversion rights:

(i) Optional Right to Convert. Each share of Series B Preferred Units shall be convertible, at any time (with such date being referred to as the "Conversion Date") and at the Conversion Price set forth below, into fully paid and nonassessable of common units of limited partner interests of the Company ("Common Units"), at the option of the holder as set forth below ("Optional Conversion").

(ii) Mechanics of Conversion. Each holder of Series B Preferred Units who desires to convert the same into shares of Common Units shall provide notice to the Company in the form of the Notice of Conversion attached to this Certificate of Designation agreement pursuant to which the Series B Preferred Units were issued (a "Conversion Notice") via telecopy, hand delivery or other mail or messenger service. The original Conversion Notice and the certificate or certificates representing the Series B Preferred Units for which conversion is elected, shall be delivered to the Company by nationally recognized courier, duly endorsed. The date upon which a Conversion Notice is initially received by the Company shall be a "Notice Date."

The Company shall use all reasonable efforts to issue and deliver within three (3) Business Days after the Notice Date, to such holder of Series B Preferred Units at the address of the holder on the books of the Company, (i) a certificate or certificates for the number of Common Units to which the holder shall be entitled as set forth herein, and (ii) if the Series B Preferred Units represented by this certificate have been converted only in part, a new certificate evidencing the Series B Preferred Units not subject to the conversion; provided that the original certificates representing the Series B Preferred Units to be converted are received by the transfer agent or the Company within three Business Days after the Notice Date and the person or persons entitled to receive the Common Units issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Units on such date such original certificates are received. If the original certificates representing the Series B Preferred Units to be converted are not received by the transfer agent or the Company within three Business Days after the Notice Date, the Conversion Notice shall become null and void.

3

(iii) Conversion Price. Each unit of Series B Preferred Units shall be convertible into a number of Common Units or fraction of Common Units obtained pursuant to the following formula (the "Conversion Formula"):

Redemption Price  
-----

Conversion Price

where:

Redemption Price = for each unit of Series B Preferred Units for which conversion is being elected, such unit's Stated Value, plus any Accrued Distributions;

Conversion Price = \$34.65

(iv) Mandatory Conversion. At any time following the seven year six month anniversary of the date hereof (the "Mandatory Conversion Period"), the Company may cause the conversion (a "Mandatory Conversion") of the Series B Preferred Units outstanding during the Mandatory Conversion Period into Common Units pursuant to the Conversion Formula, as set forth above; provided, however, that no such Mandatory Conversion may occur unless for any twenty (20) trading day period, within the thirty (30) consecutive trading day period immediately preceding the Mandatory Conversion Date (as hereinafter defined), the closing price of Common Stock (as hereinafter defined), as reported daily in the Wall Street Journal, equals or exceeds \$34.65 (subject to adjustment pursuant to Subsection (vii) below) for each such day; provided, further, that no Mandatory Conversion may be effective with a Mandatory Conversion Date during the time between the record date for Distributions and the Distribution Payment Date for such record date.

To effect a Mandatory Conversion, the Company shall issue to each holder of record a notice stating that the Company is effecting a Mandatory Conversion with regard to the Series B Preferred Units. Such notice shall contain a statement indicating the number of units of Series B Preferred Units subject to the Mandatory Conversion, and if less than all outstanding Series B Preferred Units are being so converted, the percentage of units of Series B Preferred Units held by each holder subject to the Mandatory Conversion. Unless otherwise agreed to by the holders of Series B Preferred Units and the Company, any such Mandatory Conversion shall be exercised by the Company on a pro rata basis among all holders of Series B Preferred Units and all holders of Series A Preferred Units. On the Mandatory Conversion Date, the certificates representing each of the Series B Preferred Units outstanding shall automatically, with no further action required by any holder or the Company, represent the number of Common Units of such holder, and such Series B Preferred Units remaining if less than all outstanding units of Series B Preferred Units were so converted, for which each Series B Preferred Unit was converted in accordance with this Section 4(iv). As promptly as practicable after the Mandatory Conversion Date, the Company shall issue and shall deliver to the holders of Series B Preferred Units subject to the Mandatory Conversion (i) a certificate representing the number of Common Units to which

4

the Series B Preferred Units were converted in accordance with the provisions of this Section 4(v) and (ii) if less than all outstanding Series B Preferred Units were so converted, upon submission to the Company of the certificate or certificates representing the Series B Preferred Units held by such holder immediately prior to the Mandatory Conversion, a new certificate evidencing the Series B Preferred Units held by such holder immediately following the Mandatory Conversion (until such time as such certificate or certificates are submitted to the Company, the certificate or certificates representing the Series B Preferred Units held by a holder immediately prior to the Mandatory Conversion shall be deemed to represent the number of Series B Preferred Units held by such holder immediately following the Mandatory Conversion). Such conversion shall be deemed to have been effected on the opening of business on the date the notice was sent by the Company to the holders of record of Series B Preferred Units (the "Mandatory Conversion Date"), and at such time the rights of the holder as holder of the converted Series B Preferred Units shall cease and the person or persons in whose name or names any certificate or certificates for Common Units shall be issuable upon such Mandatory Conversion shall be deemed to have become the holder or holders of record of the Common Units represented thereby.

(v) Reservation of Common Units Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued units of Common Units, solely for the purpose of effecting the conversion of the Series B Preferred Units, such number of its units of Common Units as shall from time to time be sufficient to effect the conversion of all then outstanding Series B Preferred Units; and if at any time the number of authorized but unissued units of Common Units shall not be sufficient to effect the conversion of all then outstanding Series B Preferred Units, the Company will take such action as may be necessary to increase its authorized but unissued units of Common Units to such number of units as shall be sufficient for such purpose.

(vi) Adjustment to Conversion Price.

(a) If, prior to the conversion of all shares of

Series B Preferred Units, the number of outstanding units of Common Units is increased by a unit split or other similar event, the Conversion Price shall be proportionately reduced, or if the number of outstanding Common Units is decreased by a combination or reclassification of units, or other similar event, the Conversion Price shall be proportionately increased.

(b) If prior to the conversion of all shares of Series B Preferred Units, there shall be any merger, consolidation, exchange of units, recapitalization, reorganization, or other similar event, as a result of which Common Units of the Company shall be changed into the same or a different number of securities of the same or another class or classes of units or securities of the Company or another entity, then the holders of Series B Preferred Units shall thereafter have the right to purchase and receive upon conversion of units of Series B Preferred Units, upon the basis and upon the terms and conditions specified herein and in lieu of the Common Units immediately theretofore issuable upon conversion, such units and/or securities as may be issued or payable with respect to or in exchange for the number of Common Units immediately theretofore purchasable and receivable upon the conversion of units

5

of Series B Preferred Units held by such holders had such merger, consolidation, exchange of shares, recapitalization or reorganization not taken place, and in any such case appropriate provisions shall be made with respect to the rights and interest of the holders of the Series B Preferred Units to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of Common Units issuable upon conversion of the Series B Preferred Units) shall thereafter be applicable, as nearly as may be practicable in relation to any units or securities thereafter deliverable upon the exercise hereof. The Company shall not effect any transaction described in this subsection unless the resulting successor or acquiring entity (if not the Company) assumes by written instrument the obligation to deliver to the holders of the Series B Preferred Units such units and/or securities as, in accordance with the foregoing provisions, the holders of the Series B Preferred Units may be entitled to receive upon conversion thereof.

(c) If any adjustment under this subsection would create a fractional unit of Common Units or a right to acquire a fractional unit of Common Units, such fractional units shall be issued.

D. Status of Converted Units. In the event any Series B Preferred Units shall be converted as contemplated by this Certificate of Designation, the units so converted shall be canceled, and shall not be issuable by the Company as Series B Preferred Units.

E. Distributions on Converted Units. All distributions to be made with respect to Common Units received pursuant to an Optional Conversion of Series B Preferred Units or a Mandatory Conversion of Series B Preferred Units shall be determined as if the Common Units were received on the first Business Day following the date of the last regular distribution made with respect to the Common Units (i.e. the holders of the Common Units received upon conversion shall be entitled to the full quarterly distribution with respect to such Common Units); provided, however, that in the case of a Mandatory Conversion, if such Mandatory Conversion occurs on a date other than a Distribution Payment Date, on the Distribution Payment Date immediately following the Mandatory Conversion, the holder of Common Units received pursuant to such Mandatory Conversion shall receive a distribution equal to the greater of (i) the distribution to be received by holders of Common Units on such date (the "Common Unit Distribution") and (ii) the sum of (A) the Distribution multiplied by the quotient obtained by dividing (1) the number of days elapsed between the previous Distribution Payment Date and the Mandatory Conversion Date by (2) the total number of days elapsed between the previous Distribution Payment Date and the then current Distribution Payment Date (the "Total Conversion Period Days") and (B) the Common Unit Distribution multiplied by the quotient obtained by dividing (1) the number of days elapsed between the Mandatory Conversion Date and the then current Distribution Payment Date by (2) the Total Conversion Period Days.

5. No Reissuance. Any shares of Series B Preferred Units exchanged, redeemed, purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof.

6

6. Voting Rights. (a) Except as otherwise specifically provided by the Revised Uniform Limited Partnership Act of the State of Delaware or as otherwise provided herein, the holders of Series B Preferred Units shall be entitled to vote on any matters required or permitted to be submitted to the holders of Common Units for their approval, and such holders of Series B Preferred Units and holders of Common Units shall vote as a single class with the holders of Series B Preferred Units having the number of votes to which they would be

entitled if the Series B Preferred Units were converted into Common Units, in accordance with the Conversion Formula.

(b) The Company shall not, without the affirmative consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of then outstanding units of the Series B Preferred Units:

(i) increase or decrease (other than by conversion) the total number of authorized shares of Series B Preferred Units;

(ii) in any manner authorize, create or issue any additional preferred units or any class or series of capital interests, in either case (A) ranking, either as to payment of distributions or distribution of assets, equal or prior to, the Series B Preferred Units or (B) which in any manner adversely affects the holders of units of Series B Preferred Units, or authorize, create or issue any capital interests of any class or series or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having optional rights to purchase, any capital interests having any such preference or priority or so adversely affecting the holders of Series B Preferred Units; provided, however, that the affirmative consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding units of the Series B Preferred Units shall not be required for issuances of Qualifying Preferred Units in an aggregate amount of less than the greater of (1) \$200,000,000 in stated value and (2) ten percent (10%) of the sum of (A) the product obtained by multiplying (x) the average trading price of Common Stock (as reported daily in the Wall Street Journal) for the five (5) trading days immediately preceding the date of issuance of such Qualifying Preferred Stock, times (y) the total number of the then issued and outstanding Common Units and shares of Common Stock, including all Common Units and shares of Common Stock underlying all outstanding preferred stock, preferred units and convertible debt, which by their respective terms are convertible into either Common Units or Common Stock and (B) the aggregate value of the liquidation preference underlying any then outstanding shares of preferred stock of MC Corp. (as hereinafter defined) which, by the terms of such preferred stock, are not convertible into Common Stock, Common Units, or any security which is ultimately convertible into Common Stock or Common Units;

(iii) in any manner alter or change the designations or the powers, preferences or rights, or the qualifications, limitations or restrictions of the Series B Preferred Units; and

(iv) reclassify the Common Units or any other units of any class or series of capital interests hereafter created junior to the Series B Preferred Units into capitalization of any class or series of capital interests (A) ranking, either as to payment of

7

dividends or distribution of assets equal or prior to the Series B Preferred Units, or (B) which in any manner adversely affects the holders of Series B Preferred Units.

7. Notice of Certain Events. If at any time, to the extent permitted hereunder the Company and/or Mack-Cali Realty Corporation, a Maryland corporation ("MC Corp.") proposes:

(a) to pay any distribution or dividend payable in securities (of any class or classes) or any obligations, stock or units convertible into or exchangeable for Common Units or the common stock of MC Corp., par value \$.01 per share ("Common Stock") upon either of their capital securities, including without limitation (i) Common Units or Common Stock or (ii) a cash distribution other than its customary quarterly cash distribution (collectively, an "Extraordinary Distribution");

(b) to grant to the holders of its Common Units or Common Stock generally any rights or warrants (excluding any warrants or other rights granted to any employee, director, officer, contractor or consultant of the Company or MC Corp. pursuant to any plan approved by the general partner of the Company or the Board of Directors of the MC Corp.) (a "Rights Distribution");

(c) to effect any capital reorganization or reclassification of capital securities of the Company or MC Corp.;

(d) to consolidate with, or merge into, any other company or to transfer its property as an entirety or substantially as an entirety; or

(e) to effect the liquidation, dissolution or winding up of the Company or MC Corp.,

then, in any one or more of the foregoing cases, the Company shall give, by certified or registered mail, postage prepaid, addressed to the holders of Series B Preferred Units at the address of such holders as shown on the record books of the Company, (i) at least thirty (30) days' prior written notice of the date on which the books of the Company shall close or of a record date fixed for

such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and (ii) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, at least thirty (30) days' prior written notice of the date when the same shall take place. Any notice given in accordance with the foregoing clause (i) shall also specify, in the case of any such dividend, distribution or option rights, the date on which the holders of any class of capital securities shall be entitled thereto.

8. Payment of Extraordinary Distributions. For purposes of payment of Extraordinary Distributions and/or Rights Distributions on capital securities of the Company only, upon the declaration of such Extraordinary Distribution and/ or Rights Distribution to holders of Common Units, Series B Preferred Units shall receive such Extraordinary Distribution

8

and/or Rights Distribution as if they had been converted to Common Units, pursuant to the Conversion Formula, as of the record date for receipt of such Extraordinary Distribution and/ or Rights Distribution.

9. Rank and Limitations of Preferred Units. All units of Series B Preferred Units shall rank equally with each other unit of Series B Preferred Units and shall be identical in all respects.

10. Joinder with Mack-Cali Realty Corporation Hereunder. The Company joins in the covenant of the MC Corp. set forth below.

December 11, 1997

MACK-CALI REALTY, L.P.  
By: Mack-Cali Realty Corporation,  
its General Partner

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

So long as any Series B Preferred Units are outstanding, the undersigned agrees to (i) maintain the one-to-one equivalence of a share of Common Stock and a Common Unit and (ii) not issue any capital stock which would cause any capital interest in the Partnership to be equal or senior to the Series B Preferred Units, except as set forth in Section 6(b) (ii) herein.

December 11, 1997

MACK-CALI REALTY CORPORATION

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

9



---

CERTIFICATE OF DESIGNATION  
OF  
CONTINGENT NON-PARTICIPATING COMMON  
OPERATING PARTNERSHIP UNITS  
OF  
LIMITED PARTNERSHIP INTEREST  
OF  
MACK-CALI REALTY, L.P.

---

Contingent Non-Participating Common Units

A series of 2,006,432 Contingent Non-Participating Operating Partnership Units of Limited Partnership Interests, par value \$0.001 per unit, of Mack-Cali Realty, L.P. (the "Company") shall be created and be designated "Contingent Non-Participating Common Units" having the following rights and preferences:

DESIGNATION OF CONTINGENT NON-PARTICIPATING COMMON UNITS. The rights, preferences, powers, privileges and restrictions, qualifications and limitations granted to or imposed upon the Contingent Non-Participating Common Units (referred to hereinafter sometimes as the "Designations") shall be as set forth below. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Company Partnership Agreement, dated as of August 31, 1994, as amended as of January 16, 1997 and as of December 11, 1997 (the "Partnership Agreement"). The Partnership Agreement is on file at the principal place of business of the Company and copies will be made available on request and without cost to any unit holder of the Company so requesting.

1. Stated Value. The stated value of the Contingent Non-Participating Common Units shall be zero.

2. Distributions. The Contingent Non-Participating Common Units shall not receive any distributions from the Company; provided, however, that upon conversion of Contingent Non-Participating Common Units into Common Units (as defined below) as set forth herein, on the date immediately following the Conversion Date (as defined below) that a distribution is declared and paid on Common Units (the "Initial Distribution"), holders of Common Units

received pursuant to the conversion of Contingent Non-Participating Common Units shall be entitled to receive the Initial Distribution on a pro rata basis based upon the number of days during that calendar quarter preceding the date of the Initial Distribution that the Conversion Date occurred.

3. Liquidation. The Contingent Non-Participating Common Units shall have no preference as to assets over any class of Common Units or class of preferred units of the Company in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company.

4. Conversion of Contingent Non-Participating Common Units.

(i) At any time during the period commencing on the date hereof and ending on the two year anniversary of the date hereof (or, in the event the Extension Option (as defined in the Agreement (as defined below)) is exercised, the four year anniversary of the date hereof) each Contingent Non-Participating Common Unit shall be automatically and immediately converted into fully paid and nonassessable common units of limited partner interests of the Company ("Common Units") upon the completion and satisfaction of the terms and conditions specified and set forth in the Contribution and Exchange Agreement, dated as of September 18, 1997, as amended by the First Amendment, dated as of the date hereof (as amended, the "Agreement") by and among the MK Contributors (as defined therein), the MK Entities (as defined therein), the Patriot Contributors (as defined therein), the Patriot Entities (as defined therein), Patriot American Management and Leasing Corp., the Company and Cali Realty Corporation, a Maryland Corporation (with such date being referred to as the "Conversion Date").

(ii) Mechanics of Conversion. As promptly as practicable after the conversion of the Contingent Non-Participating Common Units pursuant to

the terms hereof, the Company shall issue and shall deliver to the holders of the Contingent Non-Participating Common Units subject to the conversion (i) a certificate representing the number of Common Units to which the Contingent Non-Participating Common Units were converted in accordance with the terms hereof and (ii) if less than all outstanding Contingent Non-Participating Common Units were so converted, upon submission to the Company of the certificate or certificates representing the Contingent Non-Participating Common Units held by such holder immediately prior to the conversion, a new certificate evidencing the Contingent Non-Participating Common Units held by such holder immediately following the conversion (until such time as such certificate or certificates are submitted to the Company, the certificate or certificates representing the Contingent Non-Participating Common Units held by a holder immediately prior to the conversion shall be deemed to represent the number of Contingent Non-Participating Common Units held by such holder immediately following the conversion). Common Units received pursuant to conversion shall be deemed to have been issued and the holder or any other person so designated shall be deemed for all purposes (other than with respect to the Initial Distribution) to have become a holder of record of such Common Units as of the date hereof.

(iii) Reservation of Common Units Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Common Units, solely for

2

the purpose of effecting the conversion of the Contingent Non-Participating Common Units, such number of its Common Units as shall from time to time be sufficient to effect the conversion of all then outstanding Contingent Non-Participating Common Unit and if at any time the number of authorized but unissued Common Units shall not be sufficient to effect the conversion of all then outstanding Contingent Non-Participating Common Units, the Company will take such action as may be necessary to increase its authorized but unissued Common Units to such number as shall be sufficient for such purpose.

D. Status of Converted Units. In the event any Contingent Non-Participating Common Units shall be converted as contemplated by this Certificate of Designation, the units so converted shall be canceled, and shall not be issuable by the Company as Contingent Non-Participating Common Units.

5. No Reissuance. Any Contingent Non-Participating Common Unit exchanged, redeemed, purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof.

6. Voting Rights. Contingent Non-Participating Common Units shall have no voting rights with respect to any matter relating to the Company regardless of whether any such matter is required or permitted to be submitted to the holders of Common Units for their approval.

7. Rank and Limitations of Contingent Non-Participating Common Units. All units of Contingent Non-Participating Common Units shall rank equally with each other unit of Contingent Non-Participating Common Units and shall be identical in all respects.

December 11, 1997

MACK-CALI REALTY, L.P.

By: Mack-Cali Realty Corporation, its  
General Partner

By: \_\_\_\_\_

Name:

Title:

3

---

CERTIFICATE OF DESIGNATION  
OF  
SERIES A  
CONTINGENT NON-PARTICIPATING PREFERRED  
OPERATING PARTNERSHIP UNITS  
OF  
LIMITED PARTNERSHIP INTEREST  
OF  
MACK-CALI REALTY, L.P.

---

Series A Contingent Non-Participating Preferred Units

A series of 11,895 Series A Contingent Non-Participating Operating Partnership Units of Limited Partnership Interests, par value \$0.001 per unit, of Mack-Cali Realty, L.P. (the "Company") shall be created and be designated "Series A Contingent Non-Participating Preferred Units" having the following rights and preferences:

DESIGNATION OF SERIES A CONTINGENT NON-PARTICIPATING PREFERRED UNITS. The rights, preferences, powers, privileges and restrictions, qualifications and limitations granted to or imposed upon the Series A Contingent Non-Participating Preferred Units (referred to hereinafter sometimes as the "Designations") shall be as set forth below. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Company Partnership Agreement, dated as of August 31, 1994, as amended as of January 16, 1997 and as of December 11, 1997 (the "Partnership Agreement"). The Partnership Agreement is on file at the principal place of business of the Company and copies will be made available on request and without cost to any unit holder of the Company so requesting.

1. Stated Value. The stated value of the Series A Contingent Non-Participating Preferred Units shall be zero.
2. Distributions. The Series A Contingent Non-Participating Preferred Units shall not receive any distributions from the Company; provided, however, that upon conversion of Series A Contingent Non-Participating Preferred Units into Series A Preferred Units (as defined below) as set forth herein, on the date immediately following the Conversion Date (as defined below) that a distribution is declared and paid on Series A Preferred Units (the "Initial Distribution"), holders of Series A Preferred Units received pursuant to the conversion of Series A Contingent Non-Participating Preferred Units shall be entitled to receive the Initial Distribution on a pro rata basis based upon the number of days during that calendar quarter preceding the date of the Initial Distribution that the Conversion Date occurred.
3. Liquidation. The Series A Contingent Non-Participating Preferred Units shall have no preference as to assets over any class of common units or class of preferred units of the Company in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company.
4. Conversion of Series A Contingent Non-Participating Preferred Units.

(i) At any time during the period commencing on the date hereof and ending on the two year anniversary of the date hereof (or, in the event the Extension Option (as defined in the Agreement (as defined below)) is exercised, the four year anniversary of the date hereof) each Series A Contingent Non-Participating Preferred Unit shall be automatically and immediately converted into fully paid and nonassessable Series A Preferred Limited Partnership Interests of the Company ("Series A Preferred Units") upon the completion and satisfaction of the terms and conditions specified and set forth in the Contribution and Exchange Agreement, dated as of September 18, 1997, as amended by the First Amendment, dated as of the date hereof (as amended, the "Agreement") by and among the MK Contributors (as defined therein), the MK Entities (as defined therein), the Patriot Contributors (as defined therein), the Patriot Entities (as defined therein), Patriot American Management and Leasing Corp., the Company and Cali Realty

Corporation, a Maryland Corporation (with such date being referred to as the "Conversion Date").

(ii) Mechanics of Conversion. As promptly as practicable after the conversion of the Series A Contingent Non-Participating Preferred Units pursuant to the terms hereof, the Company shall issue and shall deliver to the holders of the Series A Contingent Non-Participating Preferred Units subject to the conversion (i) a certificate representing the number of Series A Preferred Units to which the Series A Contingent Non-Participating Preferred Units were converted in accordance with the terms hereof and (ii) if less than all outstanding Series A Contingent Non-Participating Preferred Units were so converted, upon submission to the Company of the certificate or certificates representing the Series A Contingent Non-Participating Preferred Units held by such holder immediately prior to the conversion, a new certificate evidencing the Series A Contingent Non-Participating Preferred Units held by such holder immediately following the conversion (until such time as such certificate or certificates are submitted to the Company, the certificate or certificates representing the Series A Contingent Non-Participating Preferred Units held by a holder immediately prior to the conversion shall be deemed to represent the number of Series A Contingent Non-Participating Preferred Units held by such holder immediately following the conversion). Series A Preferred Units received pursuant to conversion shall be deemed to have been issued and the holder or any other person so

2

designated shall be deemed for all purposes (other than with respect to the Initial Distribution) to have become a holder of record of such Series A Preferred Units as of the date hereof.

(iii) Reservation of Series A Preferred Units Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Series A Preferred Units, solely for the purpose of effecting the conversion of the Series A Contingent Non-Participating Preferred Units, such number of its Series A Preferred Units as shall from time to time be sufficient to effect the conversion of all then outstanding Series A Contingent Non-Participating Preferred Unit and if at any time the number of authorized but unissued Series A Preferred Units shall not be sufficient to effect the conversion of all then outstanding Series A Contingent Non-Participating Preferred Units, the Company will take such action as may be necessary to increase its authorized but unissued Series A Preferred Units to such number as shall be sufficient for such purpose.

D. Status of Converted Units. In the event any Series A Contingent Non-Participating Preferred Units shall be converted as contemplated by this Certificate of Designation, the units so converted shall be canceled, and shall not be issuable by the Company as Series A Contingent Non-Participating Preferred Units.

5. No Reissuance. Any Series A Contingent Non-Participating Preferred Unit exchanged, redeemed, purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof.

6. Voting Rights. Series A Contingent Non-Participating Preferred Units shall have no voting rights with respect to any matter relating to the Company regardless of whether any such matter is required or permitted to be submitted to the holders of Series A Preferred Units for their approval.

7. Rank and Limitations of Series A Contingent Non-Participating Preferred Units. All units of Series A Contingent Non-Participating Preferred Units shall rank equally with each other unit of Series A Contingent Non-Participating Preferred Units and shall be identical in all respects.

December 11, 1997

MACK-CALI REALTY, L.P.  
By: Mack-Cali Realty Corporation, its  
General Partner

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

3

-----  
CERTIFICATE OF DESIGNATION

OF

SERIES B

CONTINGENT NON-PARTICIPATING PREFERRED

OPERATING PARTNERSHIP UNITS

OF

LIMITED PARTNERSHIP INTEREST

OF

MACK-CALI REALTY, L.P.  
-----

Series B Contingent Non-Participating Preferred Units

A series of 7,799 Series B Contingent Non-Participating Operating Partnership Units of Limited Partnership Interests, par value \$0.001 per unit, of Mack-Cali Realty, L.P. (the "Company") shall be created and be designated "Series B Contingent Non-Participating Preferred Units" having the following rights and preferences:

DESIGNATION OF SERIES B CONTINGENT NON-PARTICIPATING PREFERRED UNITS. The rights, preferences, powers, privileges and restrictions, qualifications and limitations granted to or imposed upon the Series B Contingent Non-Participating Preferred Units (referred to hereinafter sometimes as the "Designations") shall be as set forth below. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Company Partnership Agreement, dated as of August 31, 1994, as amended as of January 16, 1997 and as of December 11, 1997 (the "Partnership Agreement"). The Partnership Agreement is on file at the principal place of business of the Company and copies will be made available on request and without cost to any unit holder of the Company so requesting.

1. Stated Value. The stated value of the Series B Contingent Non-Participating Preferred Units shall be zero.
2. Distributions. The Series B Contingent Non-Participating Preferred Units shall not receive any distributions from the Company; provided, however, that upon conversion of Series B Contingent Non-Participating Preferred Units into Series B Preferred Units (as defined below) as set forth herein, on the date immediately following the Conversion Date (as defined below) that a distribution is declared and paid on Series B Preferred Units (the "Initial Distribution"), holders of Series B Preferred Units received pursuant to the conversion of Series B Contingent Non-Participating Preferred Units shall be entitled to receive the Initial Distribution on a pro rata basis based upon the number of days during that calendar quarter preceding the date of the Initial Distribution that the Conversion Date occurred.
3. Liquidation. The Series B Contingent Non-Participating Preferred Units shall have no preference as to assets over any class of common units or class of preferred units of the Company in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company.
4. Conversion of Series B Contingent Non-Participating Preferred Units.

(i) At any time during the period commencing on the date hereof and ending on the two year anniversary of the date hereof (or, in the event the Extension Option (as defined in the Agreement (as defined below)) is exercised, the four year anniversary of the date hereof) each Series B Contingent Non-Participating Preferred Unit shall be automatically and immediately converted into fully paid and nonassessable Series B Preferred Limited Partnership Interests of the Company ("Series B Preferred Units") upon the completion and satisfaction of the terms and conditions specified and set forth in the Contribution and Exchange Agreement, dated as of September 18, 1997, as amended by the First Amendment, dated as of the date hereof (as amended, the "Agreement") by and among the MK Contributors (as defined therein), the MK Entities (as defined therein), the Patriot

Contributors (as defined therein), the Patriot Entities (as defined therein), Patriot American Management and Leasing Corp., the Company and Cali Realty Corporation, a Maryland Corporation (with such date being referred to as the "Conversion Date").

(ii) Mechanics of Conversion. As promptly as practicable after the conversion of the Series B Contingent Non-Participating Preferred Units pursuant to the terms hereof, the Company shall issue and shall deliver to the holders of the Series B Contingent Non-Participating Preferred Units subject to the conversion (i) a certificate representing the number of Series B Preferred Units to which the Series B Contingent Non-Participating Preferred Units were converted in accordance with the terms hereof and (ii) if less than all outstanding Series B Contingent Non-Participating Preferred Units were so converted, upon submission to the Company of the certificate or certificates representing the Series B Contingent Non-Participating Preferred Units held by such holder immediately prior to the conversion, a new certificate evidencing the Series B Contingent Non-Participating Preferred Units held by such holder immediately following the conversion (until such time as such certificate or certificates are submitted to the Company, the certificate or certificates representing the Series B Contingent Non-Participating Preferred Units held by a holder immediately prior to the conversion shall be deemed to represent the number of Series B Contingent Non-Participating Preferred Units held by such holder immediately following the conversion). Series B Preferred Units received pursuant to conversion shall be deemed to have been issued and the holder or any other person so

2

designated shall be deemed for all purposes (other than with respect to the Initial Distribution) to have become a holder of record of such Series B Preferred Units as of the date hereof.

(iii) Reservation of Series B Preferred Units Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Series B Preferred Units, solely for the purpose of effecting the conversion of the Series B Contingent Non-Participating Preferred Units, such number of its Series B Preferred Units as shall from time to time be sufficient to effect the conversion of all then outstanding Series B Contingent Non-Participating Preferred Unit and if at any time the number of authorized but unissued Series B Preferred Units shall not be sufficient to effect the conversion of all then outstanding Series B Contingent Non-Participating Preferred Units, the Company will take such action as may be necessary to increase its authorized but unissued Series B Preferred Units to such number as shall be sufficient for such purpose.

D. Status of Converted Units. In the event any Series B Contingent Non-Participating Preferred Units shall be converted as contemplated by this Certificate of Designation, the units so converted shall be canceled, and shall not be issuable by the Company as Series B Contingent Non-Participating Preferred Units.

5. No Reissuance. Any Series B Contingent Non-Participating Preferred Unit exchanged, redeemed, purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof.

6. Voting Rights. Series B Contingent Non-Participating Preferred Units shall have no voting rights with respect to any matter relating to the Company regardless of whether any such matter is required or permitted to be submitted to the holders of Series B Preferred Units for their approval.

7. Rank and Limitations of Series B Contingent Non-Participating Preferred Units. All units of Series B Contingent Non-Participating Preferred Units shall rank equally with each other unit of Series B Contingent Non-Participating Preferred Units and shall be identical in all respects.

December 11, 1997

MACK-CALI REALTY, L.P.  
By: Mack-Cali Realty Corporation, its  
General Partner

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

NEITHER THIS WARRANT NOR THE COMMON UNITS ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE LAWS AND NEITHER THIS WARRANT NOR COMMON UNITS ISSUABLE UPON EXERCISE OF THIS WARRANT MAY BE TRANSFERRED EXCEPT AS PROVIDED IN SECTION 2 OF THIS WARRANT.

WARRANT  
to Purchase Common Units of  
MACK-CALI REALTY, L.P.  
Expiring \_\_\_\_\_, 2002

This Warrant certifies that [The Mack Companies], or registered and permitted assigns (the "Holder"), is entitled to, subject to the terms set forth below, subscribe for and purchase from Mack-Cali Realty, L.P., a Delaware limited partnership (the "Company"), two million (2,000,000) duly authorized, validly issued, fully paid and nonassessable common operating partnership units of the Company (the common units, including any security into which they may be changed, reclassified, or converted, and as it may be adjusted pursuant to Section 4(A) below, are herein referred to as the "Common Units"). This Warrant is one of a class of Warrants (the "Mack Warrants") issued pursuant to Section 2.5 of the Contribution and Exchange Agreement (the "Agreement"), dated \_\_\_\_\_, 1997, by and among the Company, Cali Realty, L.P., a Delaware limited partnership, the Mack Contributors (as defined therein) and the Mack Entities (as defined therein).

This Warrant is subject to the following provisions, terms and conditions:

Section 1. Exercise of Warrant.

To exercise this Warrant in whole or in part, the Holder shall deliver to the Company at its principal office in Cranford, New Jersey, (a) a written notice, in substantially the form of the Exercise Notice appearing at the end of this Warrant (the "Exercise Notice"), of the Holder's election to exercise this Warrant, which notice shall specify the number of Common Units to be purchased, (b) cash or a certified check payable to the Company in an amount equal to the aggregate purchase price of the number of Common Units being purchased, and (c) this Warrant. The Company shall as promptly as practicable, and in any event within 15 days thereafter, execute and deliver or cause to be executed and delivered, in accordance with such notice, a certificate or certificates representing the aggregate number of Common Units specified in the Exercise Notice. The certificate or certificates so delivered shall be in such denominations as may be specified in the Exercise Notice and shall be issued in the name of the Holder or such other name as shall be designated in such notice. Such certificate or certificates shall be deemed to have been issued and the Holder or any other person so designated to be named therein shall be deemed for all purposes to have become a holder of record of such Common Units immediately prior to the close of business on the date such notice is received by the Company as aforesaid. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of said certificate or certificates, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the remaining units of Common Units called for by this Warrant,

which new Warrant shall in all other respects be identical to this Warrant, or, at the request of the Holder, appropriate notation may be made on this Warrant and the same returned to the Holder. The Company shall pay all expenses, taxes and other charges payable in connection with the preparation, issue and delivery of such certificates and new Warrants, except that, in case such certificates or new Warrants shall be registered in a name or names other than the name of the Holder, funds sufficient to pay all transfer taxes that are payable upon the issuance of such certificates or new Warrants shall be paid by the Holder at the time of delivering the notice of exercise mentioned above.

All Common Units issued upon the exercise of this Warrant shall be validly issued, fully paid and nonassessable and, if the Common Units are then listed on a national securities exchange or quoted on an automated quotation system, shall be duly listed or quoted thereon.

The Company shall not be required upon any exercise of this Warrant to issue a certificate representing any fraction of a unit of Common Units, but, in lieu thereof, shall pay to the Holder cash in an amount equal to a corresponding fraction (calculated to the nearest 1/100 of a unit) of the purchase price of one Common Unit as of the date of receipt by the Company of notice of exercise of this Warrant.

Section 2. Terms and Conditions of Warrants.

(A) Exercise Period. Each Warrant shall be exercisable at any time on or after the first anniversary of the date hereof (the "Exercise Date"), and shall expire at 5:00 p.m., New York City time, on the fourth anniversary of

the Exercise Date (the "Expiration Date").

(B) Purchase Price. The purchase price per unit of Common Units shall be \$37.80.

(C) Payment of Purchase Price upon Exercise. Subject to the provisions of Section 5, the purchase price of the Common Units as to which a Warrant is exercised shall be paid to the Company at the time of exercise.

(D) Transferability and Exercise of Warrants. This Warrant shall be exercisable or convertible (a) only under circumstances such that the issue of Common Units issuable upon such exercise or conversion is exempt from the requirements of registration under the Securities Act of 1933, as amended (the "1933 Act"), and any applicable state securities law or (b) upon registration of such Common Units in compliance therewith; provided, however, that the foregoing shall not apply if this Warrant is exercised by the original Holder thereof. This Warrant shall only be transferable (i) in accordance with or as otherwise specifically permitted by the provisions of the Agreement and (ii) under circumstances such that the transfer is exempt from the requirements of registration under the 1933 Act and any applicable state securities law. By acceptance hereof, the Holder agrees to comply with such laws.

(E) Investment Representation. The Holder, by acceptance hereof, (i) hereby represents that he or she is an "Accredited Investor" under Rule 501(a) of Regulation D promulgated under Section 4(2) of the 1933 Act, and (ii) acknowledges that this Warrant is, and to the extent not registered under the 1933 Act, any Common Units purchased or acquired pursuant hereto are, being or will be acquired solely for the Holder's own account and not as a nominee for any other

2

party, and with a current investment intent and not with a view to distribution thereof. Subject to the provisions of Section 10, the Holder (or any person acting under Sections 2(D) above) shall deliver to the Company, at the time of any exercise of this Warrant or portion thereof, a written representation that the Common Units to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof, and, if applicable, that he or she is the original Holder of this Warrant. Delivery of such representation prior to the delivery of any Common Units issued upon exercise of a Warrant and prior to the expiration of the Warrant period shall be a condition precedent to the right of the Holder or such other person to purchase any Common Units. In the event certificates for Common Units are delivered upon the exercise of this Warrant with respect to which such an investment representation has been obtained, the Company may cause a legend or legends to be placed on such certificates to make appropriate reference to such representations and to restrict transfer in the absence of compliance with applicable federal or state securities laws.

### Section 3. Transfer, Division and Combination.

The Company agrees to maintain at its principal office in Cranford, New Jersey, books for the registration and transfer of this Warrant, and, subject to the provisions of Section 2(D) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, on such books at such office, upon surrender of this Warrant at such office, together with a written assignment of this Warrant duly executed by the Holder or his agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and this Warrant shall promptly be canceled. A Warrant may be exercised by a new holder for the purchase of Common Units without having a new Warrant issued. All of the provisions of this Section 3 are subject to the provisions of Sections 2(D) above.

### Section 4. General Provisions

(A) Certain Adjustments. In the event of any change in Common Units by reason of any dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of units, or of any similar change affecting the Common Units, the number and kind of units subject to this Warrant and the purchase price per unit thereof shall be appropriately adjusted consistent with such change to prevent dilution or enlargement of the rights granted to, or available for, the Holder hereunder. Any adjustment of this Warrant pursuant to this Section 4(A) shall be made only to the extent not constituting a "modification" within the meaning of Section 424(h)(3) of the Internal Revenue Code of 1986, as amended from time to time, unless the Holder shall agree otherwise. The Company shall give notice to the Holder of any adjustment made pursuant to this Section 4(A) and, upon notice, such adjustment shall be effective and binding for all purposes under this Warrant.



(B) Successor Company. The obligations of the Company under this Warrant shall be binding upon any successor Company or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor Company or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provision for the preservation of Holder's rights under this Warrant

3

in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

(C) Listing and Qualification of Stock Underlying Common Units. The Company covenants to effect the listing of the Common Stock underlying the Common Units underlying this Warrant on the New York Stock Exchange prior to the Exercise Date.

(D) General Creditor Status. The Holder shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations hereunder. Nothing contained herein, and no action taken pursuant hereto, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and the Holder or any other person. To the extent that any person or entity acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth herein; provided, however, that in its sole discretion, the Company may authorize the creation of trusts or other arrangements to meet the obligations created hereunder to deliver Common Units or pay cash.

#### Section 5. Right to Convert Warrant.

The Holder shall have the right to convert, in whole or in part, this Warrant (the "Conversion Right") at any time prior to the Expiration Date, into Common Units in accordance with this Section 5. Upon exercise of the Conversion Right, the Company shall deliver to the Holder (without payment by the Holder of the purchase price) that number of Common Units equal to the quotient obtained by dividing (x) the value of the portion of this Warrant being converted at the time the Conversion Right is exercised (determined by subtracting the aggregate purchase price for the portion of this Warrant being converted (in effect immediately prior to the exercise of the Conversion Right) from the amount obtained by multiplying the number of Common Units issuable upon the whole or partial exercise of this Warrant, as the case may be, by the Closing Price (as defined below) of one Common Unit on the day immediately prior to the exercise of the Conversion Right) by (y) the Closing Price of one Common Unit on the day immediately prior to the exercise of the Conversion Right.

For purposes hereof, the "Closing Price" shall mean the closing sale price (or the average of the closing bid and ask prices if there is no closing sale price reported) of the Common Stock on the date specified on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any national securities exchange on such date, the average of the highest reported bid and lowest reported asked prices as furnished by the National Association of Securities Dealers, Inc. through NASDAQ or a similar organization if NASDAQ is no longer reporting such information. If there is no reported bid and asked price for the Common Stock, the "Closing Price" shall be the fair value as determined in good faith by the Board of Directors of the Company and the Holder, or, if the Board of Directors of the Company and the Holder cannot agree, then by an independent appraiser mutually selected by the Board of Directors of the Company and the Holder.

4

The Conversion Right may be exercised by the Holder, at any time or from time to time, prior to its expiration, on any business day by delivering the Conversion Notice to the Company at the offices of the Company, exercising the Conversion Right and specifying (i) the total number of Common Units that the Holder will purchase pursuant to the conversion and (ii) a place and date not less than two nor more than 20 business days from the date of the Conversion Notice for the closing of such purchase.

At any closing under this Section 5, (i) the Holder will surrender this Warrant and (ii) the Company will deliver to the Holder a certificate or certificates for the number of Common Units issuable upon such conversion. If this Warrant shall have been converted only in part, the Company shall, at the time of delivery of said certificate or certificates, deliver to the

Holder a new Warrant evidencing the rights of the Holder to purchase the remaining Common Units called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant, or, at the request of the Holder, appropriate notation may be made on this Warrant and the same returned to the Holder. The Company shall pay all expenses, taxes and other charges payable in connection with the preparation, issue and delivery of such certificates and new Warrants, except that, in case such certificates and/ or new Warrants shall be registered in a name or names other than the name of the Holder, funds sufficient to pay all transfer taxes that are payable upon the issuance of such certificates or new Warrants shall be paid by the Holder at the time of delivering the notice of exercise mentioned above.

Section 6. Covenant to Reserve Common Units and Common Stock.

The Company covenants and agrees that (i) it will at all times reserve and set apart and have, free from preemptive rights, a number of units of authorized but unissued Common Units sufficient to enable it at any time to fulfill all its obligations hereunder and (ii) and will cause Mack-Cali Realty Corporation, a Maryland corporation ("MC Corp.") to reserve and set-apart and have, free from preemptive rights, a number of its authorized but unissued shares of common stock, par value \$.01 per share ("Common Stock"), sufficient to enable it at any time to fulfill all of its obligations upon conversion of the Common Units underlying this Warrant into Common Stock.

Section 7. Notices.

In the event that the Company or MC Corp. (as the case may be):

(a) proposes to pay any distribution or dividend payable in securities (of any class or classes) or any obligations, stock or units convertible into or exchangeable for Common Units or Common Stock upon either of their capital securities, including without limitation (i) Common Units or Common Stock or (ii) a cash distribution other than its customary quarterly cash distribution;

(b) proposes to grant to the holders of its Common Units or Common Stock generally any rights or warrants (excluding any warrants or other rights granted to any employee, director, officer, contractor or consultant of the Company or MC Corp. pursuant to any plan approved by the general partner of the Company or the Board of

5

Directors of MC Corp.);

(c) proposes to effect any capital reorganization or reclassification of capital securities of the Company or MC Corp.;

(d) proposes to consolidate with, or merge into, any other company or to transfer its property as an entirety or substantially as an entirety; or

(e) proposes to effect the liquidation, dissolution or winding up of the Company or MC Corp.

then the Company shall cause notice of any such intended action to be given to the holder of this Warrant not less than 30 days before the date on which the transfer books of the Company shall close or a record shall be taken for such dividend, distribution or granting of rights or Warrants, or the date when such capital reorganization, reclassification, consolidation, merger, transfer, liquidation, dissolution or winding up shall be effective, as the case may be.

Any notice or other document required or permitted to be given or delivered to the holder of this Warrant shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the holder of this Warrant at the last address shown on the books of the Company maintained for the registry and transfer of this Warrant. Any notice or other document required or permitted to be given or delivered to holders of record of Common Units issued pursuant to this Warrant shall be delivered by facsimile, reliable courier or first-class mail postage prepaid to such holder at such holder's address as the same appears on the records of the Company. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the principal office of the Company in Cranford, New Jersey, or delivered to the office of one of the Company's executive officers at such address, or such other address as shall have been furnished by the Company to the holders of record of this Warrant and the holders of record of such Common Units.

Section 8. Limitation of Liability; Not holders of Common Units.

No provision of this Warrant shall be construed as conferring upon the

Holder the right to vote or to consent or to receive dividends or to receive notice as a Common Unit holder in respect of meetings of Common Unit holders or any other matter whatsoever as Common Unit holders of the Company. No provision hereof, in the absence of affirmative action by the Holder to purchase Common Units, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of Holder for the purchase price or as a Common Unit holder of the Company, whether such liability is asserted by the Company, creditors of the Company or others.

Section 9. Loss, Destruction, etc, of Warrant.

Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of this Warrant, and in the case of any such loss, theft or destruction upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the

6

Company, or in the event of such mutilation upon surrender and cancellation of this Warrant, the Company will make and deliver a new Warrant, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Warrant. Any Warrant issued under the provisions of this Section 9 in lieu of any Warrant alleged to be lost, destroyed or stolen, or of any mutilated Warrant, shall constitute an original contractual obligation on the part of the Company.

Section 10. Exercise for Common Stock.

In the event the Holder elects to exercise this Warrant with the intention of immediately thereafter redeeming all or part of the Common Units received from the exercise of this Warrant into Common Stock or the cash value equivalent thereof as more fully set forth in Section 10.3 of the Partnership Agreement of the Company, and delivers a notice to the Company along with the delivery of the Exercise Notice stating such Holder's intent (the "Notice of Redemption"), the exercise of this Warrant and the delivery of the Notice of Redemption shall be deemed to have occurred on the same business day, and the Company shall cause MC Corp. to complete the redemption process as expeditiously as reasonably practicable.

Section 11. Registration Rights.

As used in this Section 11, the term "Registrable Securities" shall mean all Common Units that may be issued upon exercise of this Warrant (and all Common Units or Common Stock that may thereafter be issued in respect of such Warrant) that is from time to time outstanding.

References in this Warrant to rules, regulations and forms promulgated by the Securities and Exchange Commission shall include rules, regulations and forms succeeding to the functions thereof, whether or not bearing the same designation.

The rights and obligations of the Company and the Holder with respect to the Registrable Securities are set forth in a Registration Rights Agreement, dated the date hereof, between the Company, the Holder and the other signatories thereto, and shall supersede any registration rights and obligations of the Company and the Holder existing prior to the date hereof with respect to the Registrable Securities.

Section 12. Amendments.

Neither this Warrant nor any term hereof may be changed, waived, discharged or terminated orally or in writing, provided that any term of this Warrant may be amended or the observance of such term may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Company and the holders of the Mack Warrants that are exercisable for a number of units of Common Units that represent in the aggregate at least a majority of the total number of Common Units for which all of the Mack Warrants are then exercisable (whether or not the holder of this Warrant consents).

Section 13. Governing Law and Consent to Jurisdiction.

This Warrant shall be governed by the laws of the State of New York without regard to

7

its conflict of laws principles or rules. This Warrant shall be deemed to have been executed and delivered at and shall be deemed to have been made in New York, New York.

Any legal action, suit or proceeding arising out of or relating to this Warrant may only be instituted in any federal court of the Southern District of New York or any state court located in New York County, State of New York,

and the Company agrees not to assert, by way of motion, as a defense or otherwise, in any action, suit or proceeding, any claim that it is not subject personally to the jurisdiction of such courts, that the action, suit or proceeding if brought in such courts, would be an inconvenient forum, that the venue of the action, suit or proceeding, if brought in any of such courts, is improper or that this Agreement or the subject matter may not be enforced in or by such courts on jurisdictional grounds.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed in its name by its duly authorized officer.

Dated: \_\_\_\_\_, 1997

MACK-CALI REALTY, L.P.  
By: MACK-CALI REALTY CORPORATION,  
its general partner

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

EXERCISE NOTICE

The undersigned, the Holder, hereby elects to exercise purchase rights represented by such Warrant for, and to purchase thereunder, \_\_\_\_\_ units of the Common Units covered by such Warrant and herewith makes payment in full therefor of \$\_\_\_\_\_ cash and requests that, subject to the terms and conditions of the Warrant, certificates for such units (and any securities or property deliverable upon such exercise) be issued in the name of and delivered to \_\_\_\_\_ whose address is \_\_\_\_\_, and whose social security or employer identification number is \_\_\_\_\_.

The undersigned agrees that, in the absence of an effective registration statement with respect to Common Units issued upon this exercise, the undersigned is acquiring such Common Units for the Holder's own account and not as a nominee for any other party, for investment and not with a view to distribution thereof and that the certificate or certificates representing such Common Units may bear a legend substantially as follows:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. UNLESS THEY ARE SOLD PURSUANT TO RULE 144 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER SAID ACT, THEY MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION AND QUALIFICATION WITHOUT AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO COUNSEL FOR THE OPERATING PARTNERSHIP, THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

In addition, the undersigned agrees that, in the absence of an effective registration statement with respect to Common Units issued upon this exercise, stop transfer instructions will be entered on the Company's transfer records with respect to Common Units issued upon this exercise.

Dated: \_\_\_\_\_  
Signature guaranteed:

CONVERSION NOTICE

The undersigned, the Holder, hereby elects to exercise conversion rights represented by such Warrant for, and to purchase thereunder, \_\_\_\_\_ units of the Common Units covered by such Warrant and herewith requests that appropriate conversion be made to such Warrant and requests that, subject to the terms and conditions of the Warrant, certificates for such units (and any securities or property deliverable upon such exercise) be issued in the name of and delivered to \_\_\_\_\_ whose address is \_\_\_\_\_, and whose social security or

employer identification number is \_\_\_\_\_ on or before \_\_\_\_\_.

The undersigned agrees that, in the absence of an effective registration statement with respect to Common Units issued upon this conversion, the undersigned is acquiring such Common Units for the Holder's own account and not as a nominee for any other party, for investment and not with a view to distribution thereof and that the certificate or certificates representing such Common Units may bear a legend substantially as follows:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. UNLESS THEY ARE SOLD PURSUANT TO RULE 144 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER SAID ACT, THEY MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION AND QUALIFICATION WITHOUT AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO COUNSEL FOR THE OPERATING PARTNERSHIP, THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

In addition, the undersigned agrees that, in the absence of an effective registration statement with respect to Common Units issued upon this exercise, stop transfer instructions will be entered on the Company's transfer records with respect to Common Units issued upon this exercise.

Dated: \_\_\_\_\_  
Signature guaranteed:

NEITHER THIS WARRANT NOR THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE LAWS AND NEITHER THIS WARRANT NOR THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY BE TRANSFERRED EXCEPT AS PROVIDED IN SECTION 2 OF THIS WARRANT.

WARRANT  
to Purchase Common Stock of  
MACK-CALI REALTY CORPORATION  
Expiring December 12, 2007

This Warrant certifies that Mitchell E. Hersh, or his registered and permitted assigns (the "Holder"), is entitled to, subject to the terms set forth below, subscribe for and purchase from Mack-Cali Realty Corporation (formerly Cali Realty Corporation), a Maryland corporation (the "Company"), Three Hundred and Thirty-Nine Thousand Nine Hundred and Seventy-Six (339,976) duly authorized, validly issued, fully paid and nonassessable shares of the Company's common stock, \$.01 par value per share (the common stock, including any stock into which it may be changed, reclassified, or converted, and as it may be adjusted pursuant to Section 4(B) below, is herein referred to as the "Common Stock"). This Warrant is one of a class of Warrants (the "Mack Warrants") of the Company issued to purchase an aggregate of Five Hundred Fourteen Thousand Nine Hundred and Seventy-Six (514,976) shares of Common Stock pursuant to the Contribution and Exchange Agreement dated September 18, 1997 by and between the Company, Mack-Cali Realty, L.P. (formerly Cali Realty, L.P.), a Delaware limited partnership (the "Partnership"), the Mack Contributors (as defined therein) and the Mack Entities (as defined therein), as amended by that certain First Amendment dated as of December 11, 1997.

This Warrant is subject to the following provisions, terms and conditions:

Section 1. EXERCISE OF WARRANT.

To exercise this Warrant in whole or in part, the Holder shall deliver to the Company at its principal office in Cranford, New Jersey, (a) a written notice, in substantially the form of the Exercise Notice appearing at the end of this Warrant, of the Holder's election to exercise this Warrant, which notice shall specify the number of shares of Common Stock to be purchased, (b) cash or a certified check payable to the Company, or such other consideration as determined in accordance with Section 2(D) below, in an amount equal to the aggregate purchase price of the number of shares of Common Stock being purchased, and (c) this Warrant. The Company shall as promptly as practicable, and in any event within 15 days thereafter, execute and deliver or cause to be executed and delivered, in accordance with such notice, a stock certificate or certificates representing the aggregate number of shares of Common Stock specified in such notice. The stock certificate or certificates so delivered shall be in such denominations as may be specified in such notice and shall be issued in the name of the Holder or, subject to Sections 2(E) and (F) and Sections 4(H) and (I) below, such other name as shall be designated in such notice. Such stock certificate or certificates shall be deemed to have been issued and the Holder or any other person so designated to be named therein shall be deemed for all purposes to have become a

holder of record of such shares immediately prior to the close of business on the date such notice is received by the Company as aforesaid. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of said stock certificate or certificates, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the remaining shares of Common Stock called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant, or, at the request of the Holder, appropriate notation may be made on this Warrant and the same returned to the Holder. The Company shall pay all expenses, taxes and other charges payable in connection with the preparation, issue and delivery of such stock certificates and new Warrants, except that, in case such stock certificates or new Warrants shall be registered in a name or names other than the name of the Holder, funds sufficient to pay all stock transfer taxes that are payable upon the issuance of such stock certificates or new Warrants shall be paid by the Holder at the time of delivering the notice of exercise mentioned above.

All shares of Common Stock issued upon the exercise of this Warrant shall be validly issued, fully paid and nonassessable and, if the Common Stock is then listed on a national securities exchange or quoted on an automated quotation system, shall be duly listed or quoted thereon.

The Company shall not be required upon any exercise of this Warrant to issue a certificate representing any fraction of a share of Common Stock, but, in lieu thereof, shall pay to the Holder cash in an amount equal to a corresponding fraction (calculated to the nearest 1/100 of a share) of the purchase price of one share of Common Stock as of the date of receipt by the Company of notice of exercise of this Warrant.

Section 2. TERMS AND CONDITIONS OF WARRANTS.

(A) EXERCISE PERIOD. Each Warrant shall vest in five equal installments (subject to acceleration in accordance with the terms of this Warrant), with one-fifth of such Warrant vesting on December 31, 1997, one-fifth vesting on December 31, 1998, one-fifth vesting on December 31, 1999, one-fifth vesting on December 31, 2000, and one-fifth vesting on December 31, 2001, and shall expire at 5:00 p.m., New York City time, on December 12, 2007, or in connection with the Holder's earlier termination of employment with the Company as provided in paragraph 2(E) below (the "Expiration Date").

(B) PURCHASE PRICE. The purchase price per share of Common Stock shall be equal to the fair market value of the Common Stock on the date hereof. For purposes of this paragraph 2(B), "fair market value" means the closing price as quoted on the New York Stock Exchange at the end of the last business day preceding the date hereof as reported in the New York edition of The Wall Street Journal. It is agreed that such purchase price is \$38.75 per share.

(C) EXERCISE OF WARRANT. No part of any Warrant may be exercised at the time of vesting unless the Holder shall have remained in the employ of the Company for such period as to which such portion of the Warrant has vested, except as otherwise provided in paragraph 2(E) below.

2

(D) PAYMENT OF PURCHASE PRICE UPON EXERCISE. Subject to the terms of Section 2(F) hereof, the purchase price of the Common Stock as to which a Warrant is exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Executive Compensation Committee of the Board of Directors of the Company (the "Board of Directors") or such other committee that the Board of Directors may appoint to administer the Warrants (the "Committee"), deems appropriate, including, but not limited to, loans from the Company or a third party, Common Stock already owned by the Holder having a total fair market value, as determined by the Committee, equal to the purchase price, or a combination of cash and Common Stock having a total fair market value, as so determined, equal to the purchase price. The Committee in its sole discretion may also provide that the purchase price may be paid by delivering a properly executed exercise notice in a form approved by the Committee, together with irrevocable instructions to a broker to promptly deliver to the Company the amount of applicable sale or loan proceeds to pay the purchase price.

(E) EXERCISE IN THE EVENT OF DEATH, DISABILITY, RETIREMENT OR OTHER TERMINATION OF EMPLOYMENT, OR CHANGE IN CONTROL.

(1) DEATH OR DISABILITY. If a Holder's employment with the Company shall terminate because of his death or due to Disability (as defined below), the vesting of all Warrants which the Holder shall not then have been entitled to exercise shall be accelerated on the date of his death or the termination of his employment due to Disability, as the case may be. If a Holder's employment with the Company shall terminate because of his death or due to Disability, such Holder's Warrants may be exercised, to the extent that such Holder shall have been entitled to do so on the date of his death or termination of employment due to Disability, as the case may be (including, without limitation, by acceleration or otherwise) by the Holder, the Holder's Beneficiary (as defined below) or by the person or persons to whom the Holder's rights under the Warrants pass by will or applicable law, or if no such person has such right, by his executors or administrators, at any time, or from time to time, but not later than the earlier of the Expiration Date or one year after the Holder's death or termination of employment due to Disability, as the case may be.

(2) CHANGE IN CONTROL. In the event of a Change in Control (as defined below), the vesting of all Warrants which the Holder shall not then have been entitled to exercise shall be accelerated concurrently with the occurrence of the Change in Control and the Holder shall have the right to exercise all such Warrants at any time or from time to time through the Expiration Date.

(3) GOOD REASON. If a Holder terminates his employment for Good Reason (as defined below), the vesting of all Warrants which the Holder shall not then have been entitled to exercise shall be accelerated on the date of the termination of his employment. If a Holder's employment with the Company shall terminate for Good Reason, such Holder may exercise his Warrants, to the extent that such Holder shall have been entitled to do so at the date of the termination of his employment (including, without limitation, by acceleration or otherwise), at any time, or from time to time, but not later than the

3

Expiration Date or one year after the Holder's termination of employment, whichever date is earlier.

"Good Reason" shall mean (A) the occurrence of any material breach of Holder's Employment Agreement with the Company dated December 11, 1997 (the "Employment Agreement") by the Company which shall include but not be limited to; an assignment to the Holder of duties materially and adversely inconsistent with or adverse alteration in the nature of or diminution in Holder's duties and/or responsibilities as contemplated by his Employment Agreement, (B) a reduction in the Holder's Annual Base Salary (as defined in the Holder's Employment Agreement) or a material reduction in benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 of the Employment Agreement, (C) at the option of the Holder within six (6) months following the date a Notice of Non-Renewal (as defined in the Holder's Employment Agreement) is issued by the Company pursuant to Paragraph 2 of the Employment Agreement, (D) at the option of the Holder within six (6) months following a Change in Control (as defined in the Holder's Employment Agreement) in accordance with the provisions set forth in sub-paragraph 5(a)(vii) of the Employment Agreement, (E) any purported termination of the Holder's employment for Cause which is not effected pursuant to the procedures of sub-paragraph 5(a)(i) of the Employment Agreement, (F) at the option of the Holder upon relocation of the Company's principal executive offices or Holder's own office location to a location more than thirty (30) miles away from Cranford, New Jersey, or (G) failure of Holder to be appointed or reappointed as a member of the Company's Board of Directors.

(4) Subject to Section 4(A) below, if a Holder's employment shall terminate for any reason other than death, Disability, Good Reason or a Change in Control (each as defined below) as aforesaid, all rights to exercise his Warrant shall terminate at the Expiration Date or three (3) months after termination of employment, whichever date is earlier; PROVIDED, HOWEVER, that the Committee may, in its sole discretion, grant new Warrants or modify outstanding Warrants to permit their exercise upon a Holder's termination of employment due to retirement with the consent of the Company until the earlier of the Expiration Date or twelve (12) months after termination of employment.

"Beneficiary" means the beneficiary or beneficiaries designated in accordance with Section 4(H) to receive the amount, if any, payable under the Warrant upon the death of a Holder.

"Change in Control" means that any of the following events has occurred:

- (i) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act,

4

(irrespective of any vesting or waiting periods) of (I) Common Stock or any class of stock convertible into Common Stock and/or (II) common limited partnership units of the Partnership (the "Common OP Units") or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction;

- (ii) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company;
- (iii) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if



the shareholders of the Company and unitholders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole; or

- (iv) a turnover, during any two (2) year period, of the majority of the members of the Board of Directors, without the consent of the remaining members of the Board of Directors as to the appointment of the new members of the Board of Directors.

"Disability" means the determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to the Holder, that the Holder has become physically or mentally incapable of performing his duties under the Employment Agreement and such disability has disabled the Holder for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

(F) REPURCHASE RIGHT. In the event of termination of the Holder's employment as a result of either (i) death or Disability, (ii) termination by the Company for any reason other than Cause or (iii) termination by the Holder of his employment for Good Reason, the Holder shall be entitled, at the option of the Holder, his estate or his personal representative, within ninety (90) days (one (1) year in the case of termination as a result of the Holder's death or Disability) of the date of such termination, to require the Company (upon written notice delivered within one

5

hundred eighty (180) days following the date of termination) to repurchase all or any portion of the Holder's vested Warrants at a price equal to the difference between the repurchase fair market value (as defined below) of the shares of Common Stock for which the Warrants to be repurchased are exercisable and the exercise price of such Warrant as of the date of the Holder's termination of employment. For purposes of this paragraph 2(F), "repurchase fair market value" means the average of the closing price on the New York Stock Exchange of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of the Holder's employment.

(G) TRANSFERABILITY AND EXERCISE OF WARRANTS. Subject to the provisions of any registration rights agreement entered into in connection with the registration of shares of Common Stock underlying the Mack Warrants, no Warrant shall be transferable other than by will or by the laws of descent and distribution. During the lifetime of the Holder, a Warrant shall be exercisable only by the Holder. This Warrant shall be exercisable or convertible (a) only under circumstances such that the issue of Common Stock issuable upon such exercise or conversion is exempt from the requirements of registration under the Securities Act of 1933, as amended (the "1933 Act"), and any applicable state securities law or (b) upon registration of such Common Stock in compliance therewith; PROVIDED, HOWEVER, that the foregoing shall not apply if this Warrant is exercised by the original Holder hereof. This Warrant shall be transferable only under circumstances such that the transfer is exempt from the requirements of registration under the 1933 Act and any applicable state securities law. By acceptance hereof, the Holder agrees to comply with such laws.

(H) INVESTMENT REPRESENTATION. The Holder, by acceptance hereof, (i) hereby represents that he is an "Accredited Investor" under Rule 501(a) of Regulation D promulgated under Section 4(2) of the 1933 Act, and (ii) acknowledges that this Warrant and, to the extent not registered under the 1933 Act, any Common Stock purchased or acquired pursuant hereto is being or will be acquired solely for the Holder's own account and not as a nominee for any other party, and with a current investment intent and not with a view to distribution thereof. The Holder (or any person acting under Sections 2(E), (F) or (G) above) shall deliver to the Company, at the time of any exercise of a Warrant or portion thereof, a written representation that the shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof, and, if applicable, that he is the original Holder of this Warrant. Delivery of such representation prior to the delivery of any Common Stock issued upon exercise of a Warrant and prior to the expiration of the Warrant period shall be a condition precedent to the right of the Holder or such other person to purchase any Common Stock. In the event certificates for Common Stock are delivered upon the exercise of a Warrant with respect to which such an investment representation has been obtained, the Company may cause a legend or legends to be placed on such certificates to make appropriate reference to such representations and to restrict transfer in the absence of compliance with applicable federal or state securities laws.

Section 3. TRANSFER, DIVISION AND COMBINATION.

The Company agrees to maintain at its principal office in Cranford, New Jersey, books

6

for the registration and transfer of this Warrant, and, subject to the provisions of Section 2(G) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, on such books at such office, upon surrender of this Warrant at such office, together with a written assignment of this Warrant duly executed by the Holder or his agent or attorney and funds sufficient to pay any stock transfer taxes payable upon the making of such transfer. Upon such surrender and payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and this Warrant shall promptly be canceled. A Warrant may be exercised by a new holder for the purchase of shares of Common Stock without having a new Warrant issued. All of the provisions of this Section 3 are subject to the provisions of Sections 2(E), (F) and (G) above.

#### Section 4. GENERAL PROVISIONS

(A) TERMINATION FOR CAUSE OR WITHOUT GOOD REASON. Notwithstanding anything herein contained to the contrary, if a Holder's employment is terminated for Cause or without Good Reason, all Warrants, to the extent not vested on the date of termination, shall be forfeited. "Cause" shall mean (1) the willful and continued failure by the Holder to use best efforts to substantially perform his duties under his Employment Agreement with the Company, (other than any such failure resulting from the Holder's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes the Holder has not substantially performed his duties, (2) willful misconduct and/or willful violation of Paragraph 11 of the Employment Agreement by the Holder which is materially economically injurious to the Company and the Partnership taken as a whole, (3) the willful violation by the Holder of the covenant not to compete described in Paragraph 13 of the Employment Agreement, or (4) conviction of, or plea of guilty to a felony. For purposes of this Paragraph 4(A), no act, or failure to act, on the Holder's part shall be considered "willful" unless done, or omitted to be done, by him (i) not in good faith and (ii) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

(B) CERTAIN ADJUSTMENTS. In the event of any change in the Common Stock by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, or any rights offering to purchase Common Stock at a price substantially below fair market value, or of any similar change affecting the Common Stock, the number and kind of shares subject to Warrants in and the purchase price per share thereof shall be appropriately adjusted consistent with such change in such manner as the Committee may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, the Holders hereunder. Any adjustment of a Warrant pursuant to this Section 4(B) shall be made only to the extent not constituting a "modification" within the meaning of Section 424(h)(3) of the Internal Revenue Code of 1986, as amended from time to time, unless the holder of such Warrant shall agree otherwise. The Committee shall give notice to each Holder of any adjustment made pursuant to this Section 4(B) and, upon notice, such adjustment shall be effective and binding for all purposes under this Warrant.

(C) SUCCESSOR COMPANY. The obligations of the Company under this Warrant shall be binding upon any successor Company or organization resulting from the merger, consolidation

7

or other reorganization of the Company, or upon any successor Company or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provision for the preservation of Holders' rights under this Warrant in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

(D) NO CLAIM OR RIGHT. Nothing contained herein nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.

(E) AWARDS NOT TREATED AS COMPENSATION UNDER BENEFIT PLANS. No Warrant shall be considered as compensation under any employee benefit plan of the Company, except as specifically provided in any such plan or as otherwise determined by the Board of Directors.

(F) LISTING AND QUALIFICATION OF COMMON STOCK. The Company, in its discretion, may postpone the issuance or delivery of Common Stock upon any exercise of a Warrant until completion of such stock exchange listing or other qualification of such shares under any state or federal law, rule or

regulation as the Company may consider appropriate, and may require any Holder, Beneficiary or legal representative to make such representations and furnish such information as it may consider reasonably appropriate in connection with the issuance or delivery of the shares in compliance with applicable laws, rules and regulations. The Company covenants, however, to effect the listing of the Common Stock underlying the Warrants on the New York Stock Exchange prior to December 1998.

(G) TAXES. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state and local taxes required by law to be withheld with respect to Warrants exercised pursuant to this Agreement including, but not limited to (i) deducting the amount required to be withheld from any other amount then or thereafter payable to a Holder, Beneficiary or legal representative, and (ii) requiring a Holder, Beneficiary or legal representative to pay to the Company the amount required to be withheld as a condition of releasing Common Stock. In addition, subject to such rules and regulations as the Committee shall from time to time establish, Holders shall be permitted to satisfy federal, state and local taxes, if any, imposed upon the issuance of Common Stock at a rate up to such Holder's maximum marginal tax rate with respect to each such tax by (i) irrevocably electing to have the Company deduct from the number of shares Common Stock otherwise deliverable upon exercise of a Warrant such number of shares of Common Stock as shall have a value equal to the amount of tax to be withheld, (ii) delivering to the Company such portion of the Common Stock delivered upon exercise of the Warrant as shall have a value equal to the amount of tax to be withheld, or (iii) delivering to the Company such Common Stock or combination of Common Stock and cash as shall have a value equal to the amount of tax to be withheld.

(H) DESIGNATION AND CHANGE OF BENEFICIARY. Each Holder shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under this Warrant upon his death. A Holder may, from time to time, revoke or change his Beneficiary designation without the consent of any prior

8

Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Holder's death, and in no event shall it be effective as of a date prior to such receipt.

(I) PAYMENTS TO PERSONS OTHER THAN A HOLDER. If the Committee shall find that any person to whom any amount is payable under this Warrant is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative), may, if the Committee so directs the Company, be paid to his spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(J) GENERAL CREDITOR STATUS. Holders shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations hereunder. Nothing contained herein, and no action taken pursuant hereto, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Holder, Beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth herein; PROVIDED, HOWEVER, that in its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created hereunder to deliver Common Stock or pay cash; PROVIDED, FURTHER, HOWEVER, that, unless the Committee otherwise determines with the consent of the affected Holder, the existence of such trusts or other arrangements shall be consistent with the "unfunded" status of the Employee Stock Option Plan of Cali Realty Corporation.

(K) NO LIABILITY OF COMMITTEE MEMBERS. The Holder of this Warrant agrees that no member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith.

#### Section 5. COVENANT TO RESERVE SHARES OF COMMON STOCK.

The Company covenants and agrees that it will at all times reserve and set apart and have, free from preemptive rights, a number of shares of authorized but unissued Common Stock, or other stock or securities

deliverable pursuant to this Warrant, sufficient to enable it at any time to fulfill all its obligations hereunder.

#### Section 6. NOTICES.

9

In the event that:

(a) the Company proposes to pay any dividend payable in (of any class or classes) or any obligations or stock convertible into or exchangeable for shares of Common Stock upon its Common Stock or make any distribution (other than ordinary cash dividends) to the holders of its Common Stock,

(b) the Company proposes to grant to the holders of its Common Stock generally any rights or Warrants (excluding any Warrants granted to any employee, director, officer, contractor or consultant of the Company pursuant to any plan approved by the Board of Directors of the Company),

(c) the Company proposes to effect any capital reorganization or reclassification of capital stock of the Company,

(d) the Company proposes to consolidate with, or merge into, any other Company or to transfer its property as an entirety or substantially as an entirety, or

(e) the Company proposes to effect the liquidation, dissolution or winding up of the Company,

then the Company shall cause notice of any such intended action to be given to the holder of this Warrant not less than 30 days before the date on which the transfer books of the Company shall close or a record shall be taken for such stock dividend, distribution or granting of rights or Warrants, or the date when such capital reorganization, reclassification, consolidation, merger, transfer, liquidation, dissolution or winding up shall be effective, as the case may be.

Any notice or other document required or permitted to be given or delivered to the holder of this Warrant shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the Holder at the last address shown on the books of the Company maintained for the registry and transfer of this Warrant. Any notice or other document required or permitted to be given or delivered to holders of record of Common Stock issued pursuant to this Warrant shall be delivered by facsimile, reliable courier or first-class mail postage prepaid to Holder at Holder's address as the same appears on the stock records of the Company. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the principal office of the Company in Cranford, New Jersey, or delivered to the office of one of the Company's executive officers at such address, or such other address as shall have been furnished by the Company to the holders of record of such Warrants and the holders of record of such Common Stock.

#### Section 7. LIMITATION OF LIABILITY; NOT SHAREHOLDERS.

No provision of this Warrant shall be construed as conferring upon the Holder the right to vote or to consent or to receive dividends or to receive notice as a shareholder in respect of

10

meetings of shareholders for the election of directors of the Company or any other matter whatsoever as shareholders of the Company. No provision hereof, in the absence of affirmative action by the Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of Holder for the purchase price or as a shareholder of the Company, whether such liability is asserted by the Company, creditors of the Company or others.

#### Section 8. LOSS, DESTRUCTION, ETC., OF WARRANT.

Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of any Warrant, and in the case of any such loss, theft or destruction upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation upon surrender and cancellation of such Warrant, the Company will make and deliver a new Warrant, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Warrant. Any Warrant issued under the provisions of this Section 8 in lieu of any Warrant alleged to be lost, destroyed or stolen, or of any mutilated Warrant, shall constitute an original contractual obligation on the part of the Company.

#### Section 9. REGISTRATION RIGHTS.

As used in this Section 9, the term "Registrable Stock" shall mean (i) all shares of Common Stock that may be issued upon exercise of this Warrant (and all shares of Common Stock that may thereafter be issued in respect of such Warrant) that is from time to time outstanding.

References in this Warrant to rules, regulations and forms promulgated by the Securities and Exchange Commission shall include rules, regulations and forms succeeding to the functions thereof, whether or not bearing the same designation.

The rights and obligations of the Company and the Holder with respect to the Registrable Stock are set forth in a Registration Rights Agreement, dated December 11, 1997, between the Company, the Holder and the other signatories thereto, and shall supersede any registration rights and obligations of the Company and the Holder existing prior to the date hereof with respect to the Registrable Stock.

Section 10. AMENDMENTS.

Neither this Warrant nor any term hereof may be changed, waived, discharged or terminated orally or in writing, provided that any term of this Warrant may be amended or the observance of such term may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Company and the

11

holders of the Mack Warrants that are exercisable for a number of shares of Common Stock that represent in the aggregate at least a majority of the total number of shares of Common Stock for which all of the Mack Warrants are then exercisable (whether or not the holder of this Warrant consents).

Section 11. GOVERNING LAW AND CONSENT TO JURISDICTION.

This Warrant shall be governed by the laws of the State of New York without regard to its conflict of laws principles or rules. This Warrant shall be deemed to have been executed and delivered at and shall be deemed to have been made in New York, New York.

Any legal action, suit or proceeding arising out of or relating to this Warrant may only be instituted in any federal court of the Southern District of New York or any state court located in New York County, State of New York, and the Company agrees not to assert, by way of motion, as a defense or otherwise, in any action, suit or proceeding, any claim that it is not subject personally to the jurisdiction of such courts, that the action, suit or proceeding if brought in such courts, would be an inconvenient forum, that the venue of the action, suit or proceeding, if brought in any of such courts, is improper or that this Agreement or the subject matter may not be enforced in or by such courts on jurisdictional grounds.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed in its name by its duly authorized officer.

Dated: December , 1997

CALI REALTY CORPORATION

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

12

EXERCISE NOTIC

The undersigned, the Holder, hereby elects to exercise purchase rights represented by such Warrant for, and to purchase thereunder, \_\_\_\_\_ shares of the Common Stock covered by such Warrant and herewith makes payment in full therefor of \$\_\_\_\_\_ cash and/or by cancellation of \$\_\_\_\_\_ of indebtedness of the Company to the Holder hereof and requests that, subject to the terms and conditions of the Warrant, certificates for such shares (and any securities or property deliverable upon such exercise) be issued in the name of and delivered to \_\_\_\_\_ whose address is \_\_\_\_\_, and whose social security or employer identification number is \_\_\_\_\_.

The undersigned agrees that, in the absence of an effective registration statement with respect to Common Stock issued upon this exercise, the

undersigned is acquiring such Common Stock for the Holder's own account and not as a nominee for any other party, for investment and not with a view to distribution thereof and that the certificate or certificates representing such Common Stock may bear a legend substantially as follows:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. UNLESS THEY ARE SOLD PURSUANT TO RULE 144 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER SAID ACT, THEY MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION AND QUALIFICATION WITHOUT AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO COUNSEL FOR THE COMPANY, THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

In addition, the undersigned agrees that, in the absence of an effective registration statement with respect to Common Stock issued upon this exercise, stop transfer instructions will be entered on the Company's stock transfer records with respect to Common Stock issued upon this exercise.

Dated:

-----  
Signature guaranteed:

NEITHER THIS WARRANT NOR THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE LAWS AND NEITHER THIS WARRANT NOR THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY BE TRANSFERRED EXCEPT AS PROVIDED IN SECTION 2 OF THIS WARRANT.

WARRANT  
to Purchase Common Stock of  
MACK-CALI REALTY CORPORATION  
Expiring December 12, 2007

This Warrant certifies that James Mertz, or his registered and permitted assigns (the "Holder"), is entitled to, subject to the terms set forth below, subscribe for and purchase from Mack-Cali Realty Corporation (formerly Cali Realty Corporation), a Maryland corporation (the "Company"), One Hundred Twenty Five Thousand (125,000) duly authorized, validly issued, fully paid and nonassessable shares of the Company's common stock, \$.01 par value per share (the common stock, including any stock into which it may be changed, reclassified, or converted, and as it may be adjusted pursuant to Section 4(B) below, is herein referred to as the "Common Stock"). This Warrant is one of a class of Warrants (the "Mack Warrants") of the Company issued to purchase an aggregate of Five Hundred Fourteen Thousand Nine Hundred and Seventy-Six (514,976) shares of Common Stock pursuant to the Contribution and Exchange Agreement dated September 18, 1997 by and between the Company, Mack-Cali Realty, L.P. (formerly Cali Realty, L.P.), a Delaware limited partnership, the Mack Contributors (as defined therein) and the Mack Entities (as defined therein), as amended by that certain First Amendment dated as of December 11, 1997.

This Warrant is subject to the following provisions, terms and conditions:

Section 1. EXERCISE OF WARRANT.

To exercise this Warrant in whole or in part, the Holder shall deliver to the Company at its principal office in Cranford, New Jersey, (a) a written notice, in substantially the form of the Exercise Notice appearing at the end of this Warrant, of the Holder's election to exercise this Warrant, which notice shall specify the number of shares of Common Stock to be purchased, (b) cash or a certified check payable to the Company, or such other consideration as determined in accordance with Section 2(D) below, in an amount equal to the aggregate purchase price of the number of shares of Common Stock being purchased, and (c) this Warrant. The Company shall as promptly as practicable, and in any event within 15 days thereafter, execute and deliver or cause to be executed and delivered, in accordance with such notice, a stock certificate or certificates representing the aggregate number of shares of Common Stock specified in such notice. The stock certificate or certificates so delivered shall be in such denominations as may be specified in such notice and shall be issued in the name of the Holder or, subject to Sections 2(E) and (F) and Sections 4(H) and (I) below, such other name as shall be designated in such notice. Such stock certificate or certificates shall be deemed to have been issued and the Holder or any other person so designated to be named therein shall be deemed for all purposes to have become a holder of record of such shares immediately prior to the close of business on the date such

notice is received by the Company as aforesaid. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of said stock certificate or certificates, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the remaining shares of Common Stock called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant, or, at the request of the Holder, appropriate notation may be made on this Warrant and the same returned to the Holder. The Company shall pay all expenses, taxes and other charges payable in connection with the preparation, issue and delivery of such stock certificates and new Warrants, except that, in case such stock certificates or new Warrants shall be registered in a name or names other than the name of the Holder, funds sufficient to pay all stock transfer taxes that are payable upon the issuance of such stock certificates or new Warrants shall be paid by the Holder at the time of delivering the notice of exercise mentioned above.

All shares of Common Stock issued upon the exercise of this Warrant shall be validly issued, fully paid and nonassessable and, if the Common Stock is then listed on a national securities exchange or quoted on an automated quotation system, shall be duly listed or quoted thereon.

The Company shall not be required upon any exercise of this Warrant to issue a certificate representing any fraction of a share of Common Stock, but, in lieu thereof, shall pay to the Holder cash in an amount equal to a corresponding fraction (calculated to the nearest 1/100 of a share) of the purchase price of one share of Common Stock as of the date of receipt by the Company of notice of exercise of this Warrant.

Section 2. TERMS AND CONDITIONS OF WARRANTS.

(A) EXERCISE PERIOD. Each Warrant shall vest in five equal installments (subject to acceleration in accordance with the terms of this Warrant), with one-fifth of such Warrant vesting on December 31, 1997, one-fifth vesting on December 31, 1998, one-fifth vesting on December 31, 1999, one-fifth vesting on December 31, 2000, and one-fifth vesting December 31, 2001, and shall expire at 5:00 p.m., New York City time, on December 12, 2007, or in connection with the Holder's earlier termination of employment with the Mack-Cali Texas Property, L.P., the Company or any affiliate of them (the "Employer") as provided in paragraph 2(E) below (the "Expiration Date").

(B) PURCHASE PRICE. The purchase price per share of Common Stock shall be equal to the fair market value of the Common Stock on the date hereof. For purposes of this paragraph 2(B), "fair market value" means the closing price as quoted on the New York Stock Exchange at the end of the last business day preceding the date hereof as reported in the New York edition of THE WALL STREET JOURNAL. It is agreed that such purchase price is \$38.75 per share.

(C) EXERCISE OF WARRANT. No part of any Warrant may be exercised at the time of vesting unless the Holder shall have remained in the employ of the Employer for such period as to which such portion of the Warrant has vested, except as otherwise provided in paragraph 2(E) below.

2

(D) PAYMENT OF PURCHASE PRICE UPON EXERCISE. Subject to the terms of Section 2(F) hereof, the purchase price of the Common Stock as to which a Warrant is exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Executive Compensation Committee of the Board of Directors of the Company (the "Board of Directors") or such other committee that the Board of Directors may appoint to administer the Warrants (the "Committee"), deems appropriate, including, but not limited to, loans from the Employer or a third party, Common Stock already owned by the Holder having a total fair market value, as determined by the Committee, equal to the purchase price, or a combination of cash and Common Stock having a total fair market value, as so determined, equal to the purchase price. The Committee in its sole discretion may also provide that the purchase price may be paid by delivering a properly executed exercise notice in a form approved by the Committee, together with irrevocable instructions to a broker to promptly deliver to the Company the amount of applicable sale or loan proceeds to pay the purchase price.

(E) EXERCISE IN THE EVENT OF DEATH, DISABILITY, RETIREMENT OR OTHER TERMINATION OF EMPLOYMENT, OR CHANGE IN CONTROL.

(1) DEATH OR DISABILITY. If a Holder's employment with the Employer shall terminate because of his death or due to Disability (as defined below), the Committee may, in its sole discretion, accelerate in whole or in part, any or all Warrants which the Holder shall not then have been entitled to exercise. If a Holder shall die (i) while an employee of the Employer, or (ii) within twelve (12) months after termination of his employment with the Employer due to Disability, such Holder's Warrants may be exercised, to the extent that such Holder shall have been entitled to do so on the date of his death or termination of employment due to Disability (including, without limitation, by acceleration or otherwise) by the Holder's Beneficiary (as defined below) or by the person or persons to whom the Holder's rights under the Warrants pass by will or applicable law, or if no such person has such right, by his executors or administrators, at any time, or from time to time, but not later than the Expiration Date or one year after the Holder's death, whichever date is earlier. If a Holder's employment with the Employer shall terminate due to Disability, such Holder may exercise his Warrants, to the extent that such Holder shall have been entitled to do so at the date of the termination of his employment (including, without limitation, by acceleration or otherwise), at any time, or from time to time, but not later than the Expiration Date or one year after termination of employment due to Disability, whichever date is earlier.

(2) CHANGE IN CONTROL. In the event of a Change in Control (as defined below), the vesting of all Warrants which the Holder shall not then have been entitled to exercise shall be accelerated concurrently with the occurrence of the Change in Control and the Holder shall have the right to exercise all such Warrants at any time or from time to time through the Expiration Date.

(3) GOOD REASON. If a Holder terminates his employment for Good Reason (as defined below), the Committee may, in its sole discretion, accelerate in whole or in part, any or all Warrants which the Holder shall not then have been entitled to exercise. If a

3

Holder's employment with the Employer shall terminate for Good Reason, such



Holder may exercise his Warrants, to the extent that such Holder shall have been entitled to do so at the date of the termination of his employment (including, without limitation, by acceleration or otherwise), at any time, or from time to time, but not later than the Expiration Date or ninety (90) days after termination of employment, whichever date is earlier.

"Good Reason" shall mean (A) a reduction in the Holder's Annual Base Salary (as defined in the Holder's employment agreement with the Employer dated December 11, 1997 (the "Employment Agreement")) as in effect at the time in question, or any other material failure by the to comply with Paragraph 3 of the Employment Agreement; PROVIDED, HOWEVER, that in the event Holder is not awarded a bonus or other discretionary payment or discretionary award described in Paragraph 3 of the Employment Agreement, it shall not be deemed a failure or (B) failure of the Employer to obtain the assumption of the obligation to perform the Employment Agreement by any successor as contemplated in Paragraph 9(a) of the Employment Agreement.

(4) Subject to Section 4(A) below, if a Holder's employment shall terminate for any reason other than death, Disability, Good Reason or a Change in Control (each as defined below) as aforesaid, all rights to exercise his Warrant shall terminate at the Expiration Date or three (3) months after termination of employment, whichever date is earlier; PROVIDED, HOWEVER, that the Committee may, in its sole discretion, grant new Warrants or modify outstanding Warrants to permit their exercise upon a Holder's termination of employment due to retirement with the consent of the Employer until the earlier of the Expiration Date or twelve (12) months after termination of employment.

"Beneficiary" means the beneficiary or beneficiaries designated in accordance with Section 4(H) to receive the amount, if any, payable under the Warrant upon the death of a Holder.

"Change in Control" means that any of the following events has occurred:

- (i) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, of thirty percent (30%) or more of the Common Stock of the Company issued and outstanding immediately prior to such acquisition;
- (ii) any Common Stock of the Company is purchased pursuant to a tender or exchange offer other than an offer by the Company; or
- (iii) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other

4

disposition of all or substantially all of its assets, if the shareholders of the Company immediately before such transaction own, immediately after consummation of such transaction, equity securities (other than options and other rights to acquire equity securities) possessing less than thirty percent (30%) of the voting power of the surviving or acquiring Company.

PROVIDED, HOWEVER, that notwithstanding anything herein to the contrary, no Change in Control shall be deemed to have occurred and no rights arising upon a Change in Control described in Section 2(E) shall exist unless the Board of Directors directs to the contrary by resolution adopted prior to the Change in Control. Any resolution of the Board of Directors adopted in accordance with the provisions of this Section directing that this Section 2(E) or any of such Section become ineffective may be rescinded or countermanded at any time with or without retroactive effect by such Board.

"Disability" means the determination by the Employer, upon the advice of an independent qualified physician, reasonably acceptable to the Holder, that the Holder has become physically or mentally incapable of performing his duties under his Employment Agreement and such disability has disabled the Holder for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

(F) REPURCHASE RIGHT. In the event of termination of the Holder's employment as a result of either (i) death or Disability, (ii) termination by the Employer for any reason other than Cause or (iii) termination by the Holder of his employment for Good Reason, the Holder shall be entitled, at the option of the Holder, his estate or his personal representative, within ninety (90) days (one (1) year in the case of termination as a result of the Holder's death

or Disability) of the date of such termination, to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of termination) to repurchase all or any portion of the Holder's vested Warrants at a price equal to the difference between the repurchase fair market value (as defined below) of the shares of Common Stock for which the Warrants to be repurchased are exercisable and the exercise price of such Warrant as of the date of the Holder's termination of employment. For purposes of this paragraph 2(F), "repurchase fair market value" means the average of the closing price on the New York Stock Exchange of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of the Holder's employment.

(G) TRANSFERABILITY AND EXERCISE OF WARRANTS. Subject to the provisions of any registration rights agreement entered into in connection with the registration of shares of Common Stock underlying the Mack Warrants, no Warrant shall be transferable other than by will or by the laws of descent and distribution. During the lifetime of the Holder, a Warrant shall be exercisable only by the Holder. This Warrant shall be exercisable or convertible (a) only under circumstances such that the issue of Common Stock issuable upon such exercise or conversion is exempt from the requirements of registration under the Securities Act of 1933, as amended (the "1933 Act"), and any applicable state securities law or (b) upon registration of such Common Stock in compliance therewith; PROVIDED, HOWEVER, that the foregoing shall not apply if

5

this Warrant is exercised by the original Holder hereof. This Warrant shall be transferable only under circumstances such that the transfer is exempt from the requirements of registration under the 1933 Act and any applicable state securities law. By acceptance hereof, the Holder agrees to comply with such laws.

(H) INVESTMENT REPRESENTATION. The Holder, by acceptance hereof, (i) hereby represents that he is an "Accredited Investor" under Rule 501(a) of Regulation D promulgated under Section 4(2) of the 1933 Act, and (ii) acknowledges that this Warrant and, to the extent not registered under the 1933 Act, any Common Stock purchased or acquired pursuant hereto is being or will be acquired solely for the Holder's own account and not as a nominee for any other party, and with a current investment intent and not with a view to distribution thereof. The Holder (or any person acting under Sections 2(E), (F) or (G) above) shall deliver to the Company, at the time of any exercise of a Warrant or portion thereof, a written representation that the shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof, and, if applicable, that he is the original Holder of this Warrant. Delivery of such representation prior to the delivery of any Common Stock issued upon exercise of a Warrant and prior to the expiration of the Warrant period shall be a condition precedent to the right of the Holder or such other person to purchase any Common Stock. In the event certificates for Common Stock are delivered upon the exercise of a Warrant with respect to which such an investment representation has been obtained, the Company may cause a legend or legends to be placed on such certificates to make appropriate reference to such representations and to restrict transfer in the absence of compliance with applicable federal or state securities laws.

### Section 3. TRANSFER, DIVISION AND COMBINATION.

The Company agrees to maintain at its principal office in Cranford, New Jersey, books for the registration and transfer of this Warrant, and, subject to the provisions of Section 2(G) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, on such books at such office, upon surrender of this Warrant at such office, together with a written assignment of this Warrant duly executed by the Holder or his agent or attorney and funds sufficient to pay any stock transfer taxes payable upon the making of such transfer. Upon such surrender and payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and this Warrant shall promptly be canceled. A Warrant may be exercised by a new holder for the purchase of shares of Common Stock without having a new Warrant issued. All of the provisions of this Section 3 are subject to the provisions of Sections 2(E), (F) and (G) above.

### Section 4. GENERAL PROVISIONS

(A) TERMINATION FOR CAUSE. Notwithstanding anything herein contained to the contrary, if a Holder's employment is terminated for Cause, all Warrants, to the extent not vested on the date of termination, shall be forfeited. "Cause" shall mean (1) the willful and continued failure by the Holder to substantially perform his duties under his Employment Agreement (other than any such failure resulting from the Holder's incapacity due to physical or mental illness) for a period of thirty

6

(30) days after written demand for substantial performance is delivered by the Employer specifically identifying the manner in which the Employer believes the

Holder has not substantially performed his duties, (2) willful misconduct by the Holder which is materially injurious to the Employer or its affiliates, monetarily or otherwise, or (3) the willful violation by the Holder of the provisions of any covenant not to compete or breach of confidential information described in Paragraphs 5 and 7 of the Employment Agreement. For purposes of this Paragraph 4(A), no act, or failure to act, on the Holder's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in furtherance of the interests of the Employer or (D) conviction of, or plea of guilty to a felony.

(B) CERTAIN ADJUSTMENTS. In the event of any change in the Common Stock by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, or any rights offering to purchase Common Stock at a price substantially below fair market value, or of any similar change affecting the Common Stock, the number and kind of shares subject to Warrants in and the purchase price per share thereof shall be appropriately adjusted consistent with such change in such manner as the Committee may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, the Holders hereunder. Any adjustment of a Warrant pursuant to this Section 4(B) shall be made only to the extent not constituting a "modification" within the meaning of Section 424(h)(3) of the Internal Revenue Code of 1986, as amended from time to time, unless the holder of such Warrant shall agree otherwise. The Committee shall give notice to each Holder of any adjustment made pursuant to this Section 4(B) and, upon notice, such adjustment shall be effective and binding for all purposes under this Warrant.

(C) SUCCESSOR COMPANY. The obligations of the Company under this Warrant shall be binding upon any successor Company or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor Company or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provision for the preservation of Holders' rights under this Warrant in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

(D) NO CLAIM OR RIGHT. Nothing contained herein nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.

(E) AWARDS NOT TREATED AS COMPENSATION UNDER BENEFIT PLANS. No Warrant shall be considered as compensation under any employee benefit plan of the Employer or the Company, except as specifically provided in any such plan or as otherwise determined by the Board of Directors.

(F) LISTING AND QUALIFICATION OF COMMON STOCK. The Company, in its discretion, may postpone the issuance or delivery of Common Stock upon any exercise of a Warrant until completion of such stock exchange listing or other qualification of such shares under any state or federal law, rule or regulation as the Company may consider appropriate, and may require any

7

Holder, Beneficiary or legal representative to make such representations and furnish such information as it may consider reasonably appropriate in connection with the issuance or delivery of the shares in compliance with applicable laws, rules and regulations. The Company covenants, however, to effect the listing of the Common Stock underlying the Warrants on the New York Stock Exchange prior to December 1998.

(G) TAXES. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state and local taxes required by law to be withheld with respect to Warrants exercised pursuant to this Agreement including, but not limited to (i) deducting the amount required to be withheld from any other amount then or thereafter payable to a Holder, Beneficiary or legal representative, and (ii) requiring a Holder, Beneficiary or legal representative to pay to the Company the amount required to be withheld as a condition of releasing Common Stock. In addition, subject to such rules and regulations as the Committee shall from time to time establish, Holders shall be permitted to satisfy federal, state and local taxes, if any, imposed upon the issuance of Common Stock at a rate up to such Holder's maximum marginal tax rate with respect to each such tax by (i) irrevocably electing to have the Company deduct from the number of shares Common Stock otherwise deliverable upon exercise of a Warrant such number of shares of Common Stock as shall have a value equal to the amount of tax to be withheld, (ii) delivering to the Company such portion of the Common Stock delivered upon exercise of the Warrant as shall have a value equal to the amount of tax to be withheld, or (iii) delivering to the Company such Common Stock or combination of Common Stock and cash as shall have a value equal to the amount of tax to be withheld.

(H) DESIGNATION AND CHANGE OF BENEFICIARY. Each Holder shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under this Warrant

upon his death. A Holder may, from time to time, revoke or change his Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; PROVIDED, HOWEVER, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Holder's death, and in no event shall it be effective as of a date prior to such receipt.

(I) PAYMENTS TO PERSONS OTHER THAN A HOLDER. If the Committee shall find that any person to whom any amount is payable under this Warrant is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative), may, if the Committee so directs the Company, be paid to his spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(J) GENERAL CREDITOR STATUS. Holders shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations hereunder. Nothing contained herein, and no action taken pursuant hereto, shall create or be con-

8

strued to create a trust of any kind, or a fiduciary relationship between the Company and any Holder, Beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth herein; PROVIDED, HOWEVER, that in its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created hereunder to deliver Common Stock or pay cash; PROVIDED, FURTHER, HOWEVER, that, unless the Committee otherwise determines with the consent of the affected Holder, the existence of such trusts or other arrangements shall be consistent with the "unfunded" status of the Employee Stock Option Plan of Cali Realty Corporation.

(K) NO LIABILITY OF COMMITTEE MEMBERS. The Holder of this Warrant agrees that no member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith.

Section 5. COVENANT TO RESERVE SHARES OF COMMON STOCK.

The Company covenants and agrees that it will at all times reserve and set apart and have, free from preemptive rights, a number of shares of authorized but unissued Common Stock, or other stock or securities deliverable pursuant to this Warrant, sufficient to enable it at any time to fulfill all its obligations hereunder.

Section 6. NOTICES.

In the event that:

(a) the Company proposes to pay any dividend payable in stock (of any class or classes) or any obligations or stock convertible into or exchangeable for shares of Common Stock upon its Common Stock or make any distribution (other than ordinary cash dividends) to the holders of its Common Stock,

(b) the Company proposes to grant to the holders of its Common Stock generally any rights or Warrants (excluding any Warrants granted to any employee, director, officer, contractor or consultant of the Company pursuant to any plan approved by the Board of Directors of the Company),

(c) the Company proposes to effect any capital reorganization or reclassification of capital stock of the Company,

(d) the Company proposes to consolidate with, or merge into, any other Company or to transfer its property as an entirety or substantially as an entirety, or

9

(e) the Company proposes to effect the liquidation, dissolution or winding up of the Company,

then the Company shall cause notice of any such intended action to be given to the holder of this Warrant not less than 30 days before the date on which the transfer books of the Company shall close or a record shall be taken for such

stock dividend, distribution or granting of rights or Warrants, or the date when such capital reorganization, reclassification, consolidation, merger, transfer, liquidation, dissolution or winding up shall be effective, as the case may be.

Any notice or other document required or permitted to be given or delivered to the holder of this Warrant shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the Holder at the last address shown on the books of the Company maintained for the registry and transfer of this Warrant. Any notice or other document required or permitted to be given or delivered to holders of record of Common Stock issued pursuant to this Warrant shall be delivered by facsimile, reliable courier or first-class mail postage prepaid to Holder at Holder's address as the same appears on the stock records of the Company. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the principal office of the Company in Cranford, New Jersey, or delivered to the office of one of the Company's executive officers at such address, or such other address as shall have been furnished by the Company to the holders of record of such Warrants and the holders of record of such Common Stock.

Section 7. LIMITATION OF LIABILITY; NOT SHAREHOLDERS.

No provision of this Warrant shall be construed as conferring upon the Holder the right to vote or to consent or to receive dividends or to receive notice as a shareholder in respect of meetings of shareholders for the election of directors of the Company or any other matter whatsoever as shareholders of the Company. No provision hereof, in the absence of affirmative action by the Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of Holder for the purchase price or as a shareholder of the Company, whether such liability is asserted by the Company, creditors of the Company or others.

Section 8. LOSS, DESTRUCTION, ETC., OF WARRANT.

Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of any Warrant, and in the case of any such loss, theft or destruction upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation upon surrender and cancellation of such Warrant, the Company will make and deliver a new Warrant, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Warrant. Any Warrant issued under the provisions of this Section 8 in lieu of any Warrant alleged to be lost, destroyed or stolen, or of any mutilated Warrant, shall constitute an original contractual obligation on the part of the Company.

10

Section 9. REGISTRATION RIGHTS.

As used in this Section 9, the term "Registrable Stock" shall mean (i) all shares of Common Stock that may be issued upon exercise of this Warrant (and all shares of Common Stock that may thereafter be issued in respect of such Warrant) that is from time to time outstanding.

References in this Warrant to rules, regulations and forms promulgated by the Securities and Exchange Commission shall include rules, regulations and forms succeeding to the functions thereof, whether or not bearing the same designation.

The rights and obligations of the Company and the Holder with respect to the Registrable Stock are set forth in a Registration Rights Agreement, dated December 11, 1997, between the Company, the Holder and the other signatories thereto, and shall supersede any registration rights and obligations of the Company and the Holder existing prior to the date hereof with respect to the Registrable Stock.

Section 10. AMENDMENTS.

Neither this Warrant nor any term hereof may be changed, waived, discharged or terminated orally or in writing, provided that any term of this Warrant may be amended or the observance of such term may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Company and the holders of the Mack Warrants that are exercisable for a number of shares of Common Stock that represent in the aggregate at least a majority of the total number of shares of Common Stock for which all of the Mack Warrants are then exercisable (whether or not the holder of this Warrant consents).

Section 11. GOVERNING LAW AND CONSENT TO JURISDICTION.

This Warrant shall be governed by the laws of the State of New York without regard to its conflict of laws principles or rules. This Warrant shall be deemed to have been executed and delivered at and shall be deemed to have been made in New York, New York.

Any legal action, suit or proceeding arising out of or relating to this Warrant may only be instituted in any federal court of the Southern District of New York or any state court located in New York County, State of New York, and the Company agrees not to assert, by way of motion, as a defense or otherwise, in any action, suit or proceeding, any claim that it is not subject personally to the jurisdiction of such courts, that the action, suit or proceeding if brought in such courts, would be an inconvenient forum, that the venue of the action, suit or proceeding, if brought in any of such courts, is improper or that this Agreement or the subject matter may not be enforced in or by such courts on jurisdictional grounds.

11

12

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed in its name by its duly authorized officer.

Dated: December , 1997

CALI REALTY CORPORATION

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

13

EXERCISE NOTICE

The undersigned, the Holder, hereby elects to exercise purchase rights represented by such Warrant for, and to purchase thereunder, \_\_\_\_\_ shares of the Common Stock covered by such Warrant and herewith makes payment in full therefor of \$\_\_\_\_\_ cash and/or by cancellation of \$\_\_\_\_\_ of indebtedness of the Company to the Holder hereof and requests that, subject to the terms and conditions of the Warrant, certificates for such shares (and any securities or property deliverable upon such exercise) be issued in the name of and delivered to \_\_\_\_\_ whose address is \_\_\_\_\_, and whose social security or employer identification number is \_\_\_\_\_.

The undersigned agrees that, in the absence of an effective registration statement with respect to Common Stock issued upon this exercise, the undersigned is acquiring such Common Stock for the Holder's own account and not as a nominee for any other party, for investment and not with a view to distribution thereof and that the certificate or certificates representing such Common Stock may bear a legend substantially as follows:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. UNLESS THEY ARE SOLD PURSUANT TO RULE 144 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER SAID ACT, THEY MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION AND QUALIFICATION WITHOUT AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO COUNSEL FOR THE COMPANY, THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

In addition, the undersigned agrees that, in the absence of an effective registration statement with respect to Common Stock issued upon this exercise, stop transfer instructions will be entered on the Company's stock transfer records with respect to Common Stock issued upon this exercise.

Dated: \_\_\_\_\_  
Signature guaranteed:

NEITHER THIS WARRANT NOR THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE LAWS AND NEITHER THIS WARRANT NOR THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY BE TRANSFERRED EXCEPT AS PROVIDED IN SECTION 2 OF THIS WARRANT.

WARRANT  
to Purchase Common Stock of  
MACK-CALI REALTY CORPORATION  
Expiring December 12, 2007

This Warrant certifies that James Clabby, or his registered and permitted assigns (the "Holder"), is entitled to, subject to the terms set forth below, subscribe for and purchase from Mack-Cali Realty Corporation (formerly Cali Realty Corporation), a Maryland corporation (the "Company"), Fifty Thousand (50,000) duly authorized, validly issued, fully paid and nonassessable shares of the Company's common stock, \$.01 par value per share (the common stock, including any stock into which it may be changed, reclassified, or converted, and as it may be adjusted pursuant to Section 4(B) below, is herein referred to as the "Common Stock"). This Warrant is one of a class of Warrants (the "Mack Warrants") of the Company issued to purchase an aggregate of Five Hundred Fourteen Thousand Nine Hundred and Seventy-Six (514,976) shares of Common Stock pursuant to the Contribution and Exchange Agreement dated September 18, 1997 by and between the Company, Mack-Cali Realty, L.P. (formerly Cali Realty, L.P.), a Delaware limited partnership, the Mack Contributors (as defined therein) and the Mack Entities (as defined therein), as amended by that certain First Amendment dated as of December 11, 1997.

This Warrant is subject to the following provisions, terms and conditions:

Section 1. Exercise of Warrant.

To exercise this Warrant in whole or in part, the Holder shall deliver to the Company at its principal office in Cranford, New Jersey, (a) a written notice, in substantially the form of the Exercise Notice appearing at the end of this Warrant, of the Holder's election to exercise this Warrant, which notice shall specify the number of shares of Common Stock to be purchased, (b) cash or a certified check payable to the Company, or such other consideration as determined in accordance with Section 2(D) below, in an amount equal to the aggregate purchase price of the number of shares of Common Stock being purchased, and (c) this Warrant. The Company shall as promptly as practicable, and in any event within 15 days thereafter, execute and deliver or cause to be executed and delivered, in accordance with such notice, a stock certificate or certificates representing the aggregate number of shares of Common Stock specified in such notice. The stock certificate or certificates so delivered shall be in such denominations as may be specified in such notice and shall be issued in the name of the Holder or, subject to Sections 2(E) and (F) and Sections 4(H) and (I) below, such other name as shall be designated in such notice. Such stock certificate or certificates shall be deemed to have been issued and the Holder or any other person so designated to be named therein shall be deemed for all purposes to have become a holder of record of such shares immediately prior to the close of business on the date such

notice is received by the Company as aforesaid. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of said stock certificate or certificates, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the remaining shares of Common Stock called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant, or, at the request of the Holder, appropriate notation may be made on this Warrant and the same returned to the Holder. The Company shall pay all expenses, taxes and other charges payable in connection with the preparation, issue and delivery of such stock certificates and new Warrants, except that, in case such stock certificates or new Warrants shall be registered in a name or names other than the name of the Holder, funds sufficient to pay all stock transfer taxes that are payable upon the issuance of such stock certificates or new Warrants shall be paid by the Holder at the time of delivering the notice of exercise mentioned above.

All shares of Common Stock issued upon the exercise of this Warrant shall be validly issued, fully paid and nonassessable and, if the Common Stock is then listed on a national securities exchange or quoted on an automated quotation system, shall be duly listed or quoted thereon.

The Company shall not be required upon any exercise of this Warrant to issue a certificate representing any fraction of a share of Common Stock, but, in lieu thereof, shall pay to the Holder cash in an amount equal to a corresponding fraction (calculated to the nearest 1/100 of a share) of the purchase price of one share of Common Stock as of the date of receipt by the Company of notice of exercise of this Warrant.

Section 2. Terms and Conditions of Warrants.

(A) Exercise Period. Each Warrant shall vest in five equal installments (subject to acceleration in accordance with the terms of this Warrant), with one-fifth of such Warrant vesting on December 31, 1997, one-fifth vesting on December 31, 1998, one-fifth vesting on December 31, 1999, one-fifth vesting on December 31, 2000, and one-fifth vesting on December 31, 2001, and shall expire at 5:00 p.m., New York City time, on December 12, 2007, or in connection with the Holder's earlier termination of employment with the Mack-Cali Texas Property, L.P., the Company or any affiliate of them (the "Employer") as provided in paragraph 2(E) below (the "Expiration Date").

(B) Purchase Price. The purchase price per share of Common Stock shall be equal to the fair market value of the Common Stock on the date hereof. For purposes of this paragraph 2(B), "fair market value" means the closing price as quoted on the New York Stock Exchange at the end of the last business day preceding the date hereof as reported in the New York edition of The Wall Street Journal. It is agreed that such purchase price is \$38.75 per share.

(C) Exercise of Warrant. No part of any Warrant may be exercised at the time of vesting unless the Holder shall have remained in the employ of the Employer for such period as to which such portion of the Warrant has vested, except as otherwise provided in paragraph 2(E) below.

2

(D) Payment of Purchase Price upon Exercise. Subject to the terms of Section 2(F) hereof, the purchase price of the Common Stock as to which a Warrant is exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Executive Compensation Committee of the Board of Directors of the Company (the "Board of Directors") or such other committee that the Board of Directors may appoint to administer the Warrants (the "Committee"), deems appropriate, including, but not limited to, loans from the Employer or a third party, Common Stock already owned by the Holder having a total fair market value, as determined by the Committee, equal to the purchase price, or a combination of cash and Common Stock having a total fair market value, as so determined, equal to the purchase price. The Committee in its sole discretion may also provide that the purchase price may be paid by delivering a properly executed exercise notice in a form approved by the Committee, together with irrevocable instructions to a broker to promptly deliver to the Company the amount of applicable sale or loan proceeds to pay the purchase price.

(E) Exercise in the Event of Death, Disability, Retirement or Other Termination of Employment, or Change in Control.

(1) Death or Disability. If a Holder's employment with the Employer shall terminate because of his death or due to Disability (as defined below), the Committee may, in its sole discretion, accelerate in whole or in part, any or all Warrants which the Holder shall not then have been entitled to exercise. If a Holder shall die (i) while an employee of the Employer, or (ii) within twelve (12) months after termination of his employment with the Employer due to Disability, such Holder's Warrants may be exercised, to the extent that such Holder shall have been entitled to do so on the date of his death or termination of employment due to Disability (including, without limitation, by acceleration or otherwise) by the Holder's Beneficiary (as defined below) or by the person or persons to whom the Holder's rights under the Warrants pass by will or applicable law, or if no such person has such right, by his executors or administrators, at any time, or from time to time, but not later than the Expiration Date or one year after the Holder's death, whichever date is earlier. If a Holder's employment with the Employer shall terminate due to Disability, such Holder may exercise his Warrants, to the extent that such Holder shall have been entitled to do so at the date of the termination of his employment (including, without limitation, by acceleration or otherwise), at any time, or from time to time, but not later than the Expiration Date or one year after termination of employment due to Disability, whichever date is earlier.

(2) Change in Control. In the event of a Change in Control (as defined below), the vesting of all Warrants which the Holder shall not then have been entitled to exercise shall be accelerated concurrently with the occurrence of the Change in Control and the Holder shall have the right to exercise all such Warrants at any time or from time to time through the Expiration Date.

(3) Good Reason. If a Holder terminates his employment for Good Reason (as defined below), the Committee may, in its sole discretion, accelerate in whole or in part, any or all Warrants which the Holder shall not then have been entitled to exercise. If a

3

Holder's employment with the Employer shall terminate for Good Reason, such



Holder may exercise his Warrants, to the extent that such Holder shall have been entitled to do so at the date of the termination of his employment (including, without limitation, by acceleration or otherwise), at any time, or from time to time, but not later than the Expiration Date or ninety (90) days after termination of employment, whichever date is earlier.

"Good Reason" shall mean (A) a reduction in the Holder's Annual Base Salary (as defined in the Holder's employment agreement with the Employer dated December 11, 1997 (the "Employment Agreement")) as in effect at the time in question, or any other material failure by the to comply with Paragraph 3 of the Employment Agreement; provided, however, that in the event Holder is not awarded a bonus or other discretionary payment or discretionary award described in Paragraph 3 of the Employment Agreement, it shall not be deemed a failure or (B) failure of the Employer to obtain the assumption of the obligation to perform the Employment Agreement by any successor as contemplated in Paragraph 9(a) of the Employment Agreement.

(4) Subject to Section 4(A) below, if a Holder's employment shall terminate for any reason other than death, Disability, Good Reason or a Change in Control (each as defined below) as aforesaid, all rights to exercise his Warrant shall terminate at the Expiration Date or three (3) months after termination of employment, whichever date is earlier; provided, however, that the Committee may, in its sole discretion, grant new Warrants or modify outstanding Warrants to permit their exercise upon a Holder's termination of employment due to retirement with the consent of the Employer until the earlier of the Expiration Date or twelve (12) months after termination of employment.

"Beneficiary" means the beneficiary or beneficiaries designated in accordance with Section 4(H) to receive the amount, if any, payable under the Warrant upon the death of a Holder.

"Change in Control" means that any of the following events has occurred:

- (i) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, of thirty percent (30%) or more of the Common Stock of the Company issued and outstanding immediately prior to such acquisition;
- (ii) any Common Stock of the Company is purchased pursuant to a tender or exchange offer other than an offer by the Company; or
- (iii) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other

4

disposition of all or substantially all of its assets, if the shareholders of the Company immediately before such transaction own, immediately after consummation of such transaction, equity securities (other than options and other rights to acquire equity securities) possessing less than thirty percent (30%) of the voting power of the surviving or acquiring Company.

provided, however, that notwithstanding anything herein to the contrary, no Change in Control shall be deemed to have occurred and no rights arising upon a Change in Control described in Section 2(E) shall exist unless the Board of Directors directs to the contrary by resolution adopted prior to the Change in Control. Any resolution of the Board of Directors adopted in accordance with the provisions of this Section directing that this Section 2(E) or any of such Section become ineffective may be rescinded or countermanded at any time with or without retroactive effect by such Board.

"Disability" means the determination by the Employer, upon the advice of an independent qualified physician, reasonably acceptable to the Holder, that the Holder has become physically or mentally incapable of performing his duties under his Employment Agreement and such disability has disabled the Holder for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

(F) Repurchase Right. In the event of termination of the Holder's employment as a result of either (i) death or Disability, (ii) termination by the Employer for any reason other than Cause or (iii) termination by the Holder of his employment for Good Reason, the Holder shall be entitled, at the option of the Holder, his estate or his personal representative, within ninety (90) days (one (1) year in the case of termination as a result of the Holder's death or Disability) of the date of such termination, to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of termination) to repurchase all or any portion of the Holder's vested Warrants at a price equal to the difference between the repurchase fair market value (as

defined below) of the shares of Common Stock for which the Warrants to be repurchased are exercisable and the exercise price of such Warrant as of the date of the Holder's termination of employment. For purposes of this paragraph 2(F), "repurchase fair market value" means the average of the closing price on the New York Stock Exchange of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of the Holder's employment.

(G) Transferability and Exercise of Warrants. Subject to the provisions of any registration rights agreement entered into in connection with the registration of shares of Common Stock underlying the Mack Warrants, no Warrant shall be transferable other than by will or by the laws of descent and distribution. During the lifetime of the Holder, a Warrant shall be exercisable only by the Holder. This Warrant shall be exercisable or convertible (a) only under circumstances such that the issue of Common Stock issuable upon such exercise or conversion is exempt from the requirements of registration under the Securities Act of 1933, as amended (the "1933 Act"), and any applicable state securities law or (b) upon registration of such Common Stock in compliance therewith; provided, however, that the foregoing shall not apply if

5

this Warrant is exercised by the original Holder hereof. This Warrant shall be transferable only under circumstances such that the transfer is exempt from the requirements of registration under the 1933 Act and any applicable state securities law. By acceptance hereof, the Holder agrees to comply with such laws.

(H) Investment Representation. The Holder, by acceptance hereof, (i) hereby represents that he is an "Accredited Investor" under Rule 501(a) of Regulation D promulgated under Section 4(2) of the 1933 Act, and (ii) acknowledges that this Warrant and, to the extent not registered under the 1933 Act, any Common Stock purchased or acquired pursuant hereto is being or will be acquired solely for the Holder's own account and not as a nominee for any other party, and with a current investment intent and not with a view to distribution thereof. The Holder (or any person acting under Sections 2(E), (F) or (G) above) shall deliver to the Company, at the time of any exercise of a Warrant or portion thereof, a written representation that the shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof, and, if applicable, that he is the original Holder of this Warrant. Delivery of such representation prior to the delivery of any Common Stock issued upon exercise of a Warrant and prior to the expiration of the Warrant period shall be a condition precedent to the right of the Holder or such other person to purchase any Common Stock. In the event certificates for Common Stock are delivered upon the exercise of a Warrant with respect to which such an investment representation has been obtained, the Company may cause a legend or legends to be placed on such certificates to make appropriate reference to such representations and to restrict transfer in the absence of compliance with applicable federal or state securities laws.

### Section 3. Transfer, Division and Combination.

The Company agrees to maintain at its principal office in Cranford, New Jersey, books for the registration and transfer of this Warrant, and, subject to the provisions of Section 2(G) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, on such books at such office, upon surrender of this Warrant at such office, together with a written assignment of this Warrant duly executed by the Holder or his agent or attorney and funds sufficient to pay any stock transfer taxes payable upon the making of such transfer. Upon such surrender and payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and this Warrant shall promptly be canceled. A Warrant may be exercised by a new holder for the purchase of shares of Common Stock without having a new Warrant issued. All of the provisions of this Section 3 are subject to the provisions of Sections 2(E), (F) and (G) above.

### Section 4. General Provisions

(A) Termination for Cause. Notwithstanding anything herein contained to the contrary, if a Holder's employment is terminated for Cause, all Warrants, to the extent not vested on the date of termination, shall be forfeited. "Cause" shall mean (1) the willful and continued failure by the Holder to substantially perform his duties under his Employment Agreement (other than any such failure resulting from the Holder's incapacity due to physical or mental illness) for a period of thirty

6

(30) days after written demand for substantial performance is delivered by the Employer specifically identifying the manner in which the Employer believes the Holder has not substantially performed his duties, (2) willful misconduct by the Holder which is materially injurious to the Employer or its affiliates, monetarily or otherwise, or (3) the willful violation by the Holder of the provisions of any covenant not to compete or breach of

confidential information described in Paragraphs 5 and 7 of the Employment Agreement. For purposes of this Paragraph 4(A), no act, or failure to act, on the Holder's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in furtherance of the interests of the Employer or (D) conviction of, or plea of guilty to a felony.

(B) Certain Adjustments. In the event of any change in the Common Stock by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, or any rights offering to purchase Common Stock at a price substantially below fair market value, or of any similar change affecting the Common Stock, the number and kind of shares subject to Warrants in and the purchase price per share thereof shall be appropriately adjusted consistent with such change in such manner as the Committee may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, the Holders hereunder. Any adjustment of a Warrant pursuant to this Section 4(B) shall be made only to the extent not constituting a "modification" within the meaning of Section 424(h)(3) of the Internal Revenue Code of 1986, as amended from time to time, unless the holder of such Warrant shall agree otherwise. The Committee shall give notice to each Holder of any adjustment made pursuant to this Section 4(B) and, upon notice, such adjustment shall be effective and binding for all purposes under this Warrant.

(C) Successor Company. The obligations of the Company under this Warrant shall be binding upon any successor Company or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor Company or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provision for the preservation of Holders' rights under this Warrant in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

(D) No Claim or Right. Nothing contained herein nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.

(E) Awards Not Treated as Compensation Under Benefit Plans. No Warrant shall be considered as compensation under any employee benefit plan of the Employer or the Company, except as specifically provided in any such plan or as otherwise determined by the Board of Directors.

(F) Listing and Qualification of Common Stock. The Company, in its discretion, may postpone the issuance or delivery of Common Stock upon any exercise of a Warrant until completion of such stock exchange listing or other qualification of such shares under any state or federal law, rule or regulation as the Company may consider appropriate, and may require any

7

Holder, Beneficiary or legal representative to make such representations and furnish such information as it may consider reasonably appropriate in connection with the issuance or delivery of the shares in compliance with applicable laws, rules and regulations. The Company covenants, however, to effect the listing of the Common Stock underlying the Warrants on the New York Stock Exchange prior to December 1998.

(G) Taxes. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state and local taxes required by law to be withheld with respect to Warrants exercised pursuant to this Agreement including, but not limited to (i) deducting the amount required to be withheld from any other amount then or thereafter payable to a Holder, Beneficiary or legal representative, and (ii) requiring a Holder, Beneficiary or legal representative to pay to the Company the amount required to be withheld as a condition of releasing Common Stock. In addition, subject to such rules and regulations as the Committee shall from time to time establish, Holders shall be permitted to satisfy federal, state and local taxes, if any, imposed upon the issuance of Common Stock at a rate up to such Holder's maximum marginal tax rate with respect to each such tax by (i) irrevocably electing to have the Company deduct from the number of shares Common Stock otherwise deliverable upon exercise of a Warrant such number of shares of Common Stock as shall have a value equal to the amount of tax to be withheld, (ii) delivering to the Company such portion of the Common Stock delivered upon exercise of the Warrant as shall have a value equal to the amount of tax to be withheld, or (iii) delivering to the Company such Common Stock or combination of Common Stock and cash as shall have a value equal to the amount of tax to be withheld.

(H) Designation and Change of Beneficiary. Each Holder shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under this Warrant upon his death. A Holder may, from time to time, revoke or change his Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the

Committee prior to the Holder's death, and in no event shall it be effective as of a date prior to such receipt.

(I) Payments to Persons Other Than A Holder. If the Committee shall find that any person to whom any amount is payable under this Warrant is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative), may, if the Committee so directs the Company, be paid to his spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(J) General Creditor Status. Holders shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations hereunder. Nothing contained herein, and no action taken pursuant hereto, shall create or be construed

8

to create a trust of any kind, or a fiduciary relationship between the Company and any Holder, Beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth herein; provided, however, that in its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created hereunder to deliver Common Stock or pay cash; provided, further, however, that, unless the Committee otherwise determines with the consent of the affected Holder, the existence of such trusts or other arrangements shall be consistent with the "unfunded" status of the Employee Stock Option Plan of Cali Realty Corporation.

(K) No Liability of Committee Members. The Holder of this Warrant agrees that no member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith.

#### Section 5. Covenant to Reserve Shares of Common Stock.

The Company covenants and agrees that it will at all times reserve and set apart and have, free from preemptive rights, a number of shares of authorized but unissued Common Stock, or other stock or securities deliverable pursuant to this Warrant, sufficient to enable it at any time to fulfill all its obligations hereunder.

#### Section 6. Notices.

In the event that:

(a) the Company proposes to pay any dividend payable in stock (of any class or classes) or any obligations or stock convertible into or exchangeable for shares of Common Stock upon its Common Stock or make any distribution (other than ordinary cash dividends) to the holders of its Common Stock,

(b) the Company proposes to grant to the holders of its Common Stock generally any rights or Warrants (excluding any Warrants granted to any employee, director, officer, contractor or consultant of the Company pursuant to any plan approved by the Board of Directors of the Company),

(c) the Company proposes to effect any capital reorganization or reclassification of capital stock of the Company,

(d) the Company proposes to consolidate with, or merge into, any other Company or to transfer its property as an entirety or substantially as an entirety, or

9

(e) the Company proposes to effect the liquidation, dissolution or winding up of the Company,

then the Company shall cause notice of any such intended action to be given to the holder of this Warrant not less than 30 days before the date on which the transfer books of the Company shall close or a record shall be taken for such stock dividend, distribution or granting of rights or Warrants, or the date when such capital reorganization, reclassification, consolidation, merger, transfer, liquidation, dissolution or winding up shall be effective, as the case may be.

Any notice or other document required or permitted to be given or delivered to the holder of this Warrant shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the Holder at the last address shown on the books of the Company maintained for the registry and transfer of this Warrant. Any notice or other document required or permitted to be given or delivered to holders of record of Common Stock issued pursuant to this Warrant shall be delivered by facsimile, reliable courier or first-class mail postage prepaid to Holder at Holder's address as the same appears on the stock records of the Company. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered by facsimile transmission, reliable courier or first-class mail postage prepaid to the principal office of the Company in Cranford, New Jersey, or delivered to the office of one of the Company's executive officers at such address, or such other address as shall have been furnished by the Company to the holders of record of such Warrants and the holders of record of such Common Stock.

Section 7. Limitation of Liability; Not Shareholders.

No provision of this Warrant shall be construed as conferring upon the Holder the right to vote or to consent or to receive dividends or to receive notice as a shareholder in respect of meetings of shareholders for the election of directors of the Company or any other matter whatsoever as shareholders of the Company. No provision hereof, in the absence of affirmative action by the Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of Holder for the purchase price or as a shareholder of the Company, whether such liability is asserted by the Company, creditors of the Company or others.

Section 8. Loss, Destruction, etc., of Warrant.

Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of any Warrant, and in the case of any such loss, theft or destruction upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation upon surrender and cancellation of such Warrant, the Company will make and deliver a new Warrant, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Warrant. Any Warrant issued under the provisions of this Section 8 in lieu of any Warrant alleged to be lost, destroyed or stolen, or of any mutilated Warrant, shall constitute an original contractual obligation on the part of the Company.

10

Section 9. Registration Rights.

As used in this Section 9, the term "Registrable Stock" shall mean (i) all shares of Common Stock that may be issued upon exercise of this Warrant (and all shares of Common Stock that may thereafter be issued in respect of such Warrant) that is from time to time outstanding.

References in this Warrant to rules, regulations and forms promulgated by the Securities and Exchange Commission shall include rules, regulations and forms succeeding to the functions thereof, whether or not bearing the same designation.

The rights and obligations of the Company and the Holder with respect to the Registrable Stock are set forth in a Registration Rights Agreement, dated December 11, 1997, between the Company, the Holder and the other signatories thereto, and shall supersede any registration rights and obligations of the Company and the Holder existing prior to the date hereof with respect to the Registrable Stock.

Section 10. Amendments.

Neither this Warrant nor any term hereof may be changed, waived, discharged or terminated orally or in writing, provided that any term of this Warrant may be amended or the observance of such term may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Company and the holders of the Mack Warrants that are exercisable for a number of shares of Common Stock that represent in the aggregate at least a majority of the total number of shares of Common Stock for which all of the Mack Warrants are then exercisable (whether or not the holder of this Warrant consents).

Section 11. Governing Law and Consent to Jurisdiction.

This Warrant shall be governed by the laws of the State of New York without regard to its conflict of laws principles or rules. This Warrant shall be deemed to have been executed and delivered at and shall be deemed to have been made in New York, New York.

Any legal action, suit or proceeding arising out of or relating to this Warrant may only be instituted in any federal court of the Southern District of New York or any state court located in New York County, State of New York, and the Company agrees not to assert, by way of motion, as a defense or otherwise,

in any action, suit or proceeding, any claim that it is not subject personally to the jurisdiction of such courts, that the action, suit or proceeding if brought in such courts, would be an inconvenient forum, that the venue of the action, suit or proceeding, if brought in any of such courts, is improper or that this Agreement or the subject matter may not be enforced in or by such courts on jurisdictional grounds.

11

12

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed in its name by its duly authorized officer.

Dated: December , 1997

---

CALI REALTY CORPORATION

By:

-----  
Name:

Title:

13

#### EXERCISE NOTICE

The undersigned, the Holder, hereby elects to exercise purchase rights represented by such Warrant for, and to purchase thereunder, \_\_\_\_\_ shares of the Common Stock covered by such Warrant and herewith makes payment in full therefor of \$\_\_\_\_\_ cash and/or by cancellation of \$\_\_\_\_\_ of indebtedness of the Company to the Holder hereof and requests that, subject to the terms and conditions of the Warrant, certificates for such shares (and any securities or property deliverable upon such exercise) be issued in the name of and delivered to \_\_\_\_\_ whose address is \_\_\_\_\_, and whose social security or employer identification number is \_\_\_\_\_.

The undersigned agrees that, in the absence of an effective registration statement with respect to Common Stock issued upon this exercise, the undersigned is acquiring such Common Stock for the Holder's own account and not as a nominee for any other party, for investment and not with a view to distribution thereof and that the certificate or certificates representing such Common Stock may bear a legend substantially as follows:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. UNLESS THEY ARE SOLD PURSUANT TO RULE 144 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER SAID ACT, THEY MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION AND QUALIFICATION WITHOUT AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO COUNSEL FOR THE COMPANY, THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

In addition, the undersigned agrees that, in the absence of an effective registration statement with respect to Common Stock issued upon this exercise, stop transfer instructions will be entered on the Company's stock transfer records with respect to Common Stock issued upon this exercise.

Dated:

-----  
Signature guaranteed:

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of December 11, 1997, is by and among MACK-CALI REALTY CORPORATION, a Maryland corporation (the "Company"), and the persons and entities listed on Schedule I attached hereto and made a part hereof (such individuals and entities, collectively the "Investors" and each individually an "Investor").

W I T N E S S E T H:

WHEREAS, pursuant to a Contribution and Exchange Agreement, dated September 18, 1997, by and between the Company, Mack-Cali Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), the Mack Contributors (as defined therein) ("MC"), the Mack Entities (as defined therein) ("ME") and Patriot American Leasing and Management Corporation, ("PALMC", and together with MC and ME, collectively, "MACK"), as amended by the First Amendment, dated as of December 11, 1997 (as amended, the "Contribution Agreement") MACK, the Company and the Operating Partnership have agreed to combine their respective properties and related assets and, in consideration therefor, the Operating Partnership will issue to certain of the Mack Contributors and Mack Entities (i) common units of limited partner interests (the "Mack Units") in the Operating Partnership, (ii) preferred units of limited partner interests (the "Preferred Units") in the Operating Partnership, (iii) warrants to purchase additional Mack Units (the "Unit Warrants"), and (iv) warrants to purchase common stock ("Common Stock") of the Company, par value \$.01 per share (the "Stock Warrants"; and together with the Mack Units, the Preferred Units and the Unit Warrants, collectively, "Cali Securities");

WHEREAS, the Preferred Units will be redeemable for Mack Units;

WHEREAS, the Mack Units (whether issued pursuant to the terms of the Contribution Agreement or pursuant to the exercise of the Unit Warrants) will be redeemable for unregistered shares of Common Stock;

WHEREAS, the Stock Warrants are exercisable for unregistered shares of Common Stock; and

WHEREAS, the Company has agreed to provide the Investors with certain registration rights as set forth herein.

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

1. DEFINITIONS. For purposes of this Agreement, capitalized terms used herein shall

have the meanings set forth in the preambles hereto and in this Section 1.

1.1 "Cali Group" shall mean those individuals and entities, other than the Company, that received Units at the time of the initial public offering of the Company.

1.2 "Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

1.3 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

1.4 "Holder" shall mean any registered holder, from time to time, of Registrable Securities.

1.5 "Initiating Holders" shall mean any Holder or Holders who, in the aggregate, are Holders of Registrable Securities representing at least fifty-one percent (51%) of the Registrable Securities then outstanding, and who initiate a request pursuant to Section 3.1 below for the registration of all or part of such Holder or Holders' Registrable Securities.

1.6 "Person" shall mean any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

1.7 "Register", "registered" and "registration" shall refer to a registration effected by preparing and filing a registration statement with the Commission in compliance with the Securities Act and applicable rules and

regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement by the Commission.

1.8 "Registrable Securities" shall mean any of the following which are held, or upon conversion would be held, by any Investor and its permitted transferees pursuant to the terms of the Unit Warrants, the Stock Warrants or under the partnership agreement governing the Operating Partnership or the Contribution Agreement, in the case of the Mack Units and Preferred Units ("Permitted Transferees"): (a) shares of Common Stock issuable upon the redemption of the Mack Units (including Mack Units received pursuant to the redemption of Preferred Units or exercise of the Unit Warrants), which Mack Units, Preferred Units or Unit Warrants are held by any Investor on the date hereof and any such Mack Units, Preferred Units or Unit Warrants subsequently transferred to an Investor's Permitted Transferees, (b) shares of Common Stock issuable upon exercise of the Stock Warrants, (c) shares of Common Stock then outstanding which were issued as, or upon the conversion or exercise of other securities issued as, a dividend or other distribution with respect to or in replacement of other Registrable Securities, (d) shares of Common Stock then issuable upon the conversion or exercise of other securities which were issued as a dividend or other distribution with respect to or in replacement of other Registrable Securities, and (e) any equity securities of the Company issued or issuable with respect to the securities referred to in clauses (a) through (d) by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization; PROVIDED, HOWEVER, that any such Registrable Securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities

2

shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (ii) they shall have been sold as permitted by Rule 144 (or any successor provision) under the Securities Act, (iii) they shall be eligible for sale pursuant to Rule 144(k) (or any successor provision) under the Securities Act as confirmed in a written opinion of counsel to the Company addressed to the Investor and its Permitted Transferees, (iv) they shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of them shall not require registration of them under the Securities Act, or (v) they shall have ceased to be outstanding. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities whenever such Person has the unqualified right to acquire such Registrable Securities (by conversion, redemption or otherwise, but disregarding any legal restrictions upon the exercise of such right), whether or not such acquisition has actually been effected.

1.9 "Registration Expenses" shall mean all expenses incurred by the Company in compliance with this Agreement, excluding Selling Expenses but including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, and the fees and expenses of one counsel for all Holders, all blue sky fees and expenses, and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company, which shall be paid in any event by the Company).

1.10 "Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute enacted hereafter, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

1.11 "Selling Expenses" shall mean all underwriting discounts and commissions applicable to the sale of Registrable Securities.

1.12 "1994 Registration Rights Agreement" shall mean that certain Registration Rights Agreement dated as of August 31, 1994 by any among the Company and the Cali Group.

1.13 "RM Registration Rights Agreement" shall mean that certain Registration Rights Agreement dated as of January 31, 1997 by and among the Company and the other signatories thereto.

## 2. COMPANY REGISTRATION.

2.1 At any time after April 30, 1999, if the Company shall determine to register any of its shares of Common Stock or other securities ("Other Securities") issued by it having terms substantially similar to the Common Stock, either for its own account or the account of a security holder or holders exercising any demand registration rights, other than a registration relating solely to employee benefit plans or a registration relating solely to a Rule 145 (under the Securities Act) transaction, the Company will:

(a) promptly give to each Holder written notice thereof (which shall



include a list of the jurisdictions in which the Company intends to attempt to qualify such securities

3

under the applicable blue sky or other state securities laws); and

(b) include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests made by any Holder within fifteen (15) days after receipt of the written notice from the Company described in clause (a) above, except as set forth in Section 2.3 below. Such written request may specify all or a part of a Holder's Registrable Securities.

Notwithstanding the foregoing, the rights under this Section 2.1 shall not apply to any Holder if the Company has not included in the shares to be registered thereunder shares of stock held by any holder, other than the Company.

2.2 UNDERWRITING. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 2.1(a). The right of any Holder to require registration pursuant to this Section 2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company and any officers, directors or Other Shareholders (as defined below) distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected by the Company. "Other Shareholders" shall mean Persons who, by virtue of their agreements with the Company, are entitled to include their securities in such registration, which includes officers, directors and Persons requesting registration under the 1994 Registration Rights Agreement or the RM Registration Rights Agreement.

2.3 LIMITATIONS ON SHARES TO BE INCLUDED. With respect to Company registrations, notwithstanding any other provision of this Section 2, if the representative of the underwriters advises the Company in writing that marketing factors require a limitation or elimination on the number of shares to be underwritten, the representative may (subject to the allocation priority set forth below) limit the number of Registrable Securities to be included in the registration and underwriting. The Company shall so advise all Holders of securities requesting registration, and the number of shares of securities that are entitled to be included in the registration and underwriting shall be allocated FIRST, to the Company for securities being sold for its own account or to the security holder or holders exercising any demand registration rights on such security holder or holders' account, and SECOND, among all such Holders requesting registration hereunder or Other Shareholders requesting registration pursuant to the exercise of piggyback registration rights, in each case in proportion, as nearly as practicable, to the respective amounts of Registrable Securities or other securities of the Company (the "Additional Shares") which are held by such Holders or Other Shareholders which they had requested to be included in such registration at the time of filing the registration statement. If any Holder of Registrable Securities or any Other Shareholder disapproves of the terms of any such underwriting, he may elect to withdraw therefrom by written notice to the Company and the underwriter. The limitations contained in this Section 2.3 shall not apply in any respect to Section 2.6 below.

4

2.4 WITHDRAWAL FROM REGISTRATION. Any Holder requesting inclusion of Registrable Securities pursuant to this Section 2 may, at any time prior to the effective date of the registration statement relating to such registration, revoke such request by delivering written notice of such revocation to the Company; PROVIDED, HOWEVER, that if the Company, in consultation with its financial and legal advisors, determines that such revocation would materially delay the registration or otherwise require a recirculation of the prospectus contained in the registration statement, then such Holder shall have no such right to revoke its request. If the withdrawal of any Registrable Securities or Additional Shares would allow, within the marketing limitations set forth above, the inclusion in the underwriting of a greater number of shares of Registrable Securities or Additional Shares, then, to the extent practicable and without delaying the underwriting, the Company shall offer to the Holders and to the Other Shareholders an opportunity to include additional shares of Registrable Securities or Additional Shares, as the case may be, in the proportions and in the priorities discussed in Section 2.3 above.

2.5 TERMINATION OR WITHDRAWAL BY COMPANY. The Company shall have the right to terminate or withdraw any registration initiated by it under this

Section 2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

2.6 CERTAIN SHELF REGISTRATIONS. The foregoing notwithstanding, on December 11, 1998 (the "Anniversary Date"), or as soon thereafter as is reasonably practicable, the Company shall, at its expense, register the Registrable Securities for resale, and, if necessary to permit their issuance to an Investor or its permitted transferees, for initial issuance upon redemption of Mack Units or exercise of the Stock Warrants, through a shelf registration statement pursuant to Rule 415 under the Securities Act, which shelf registration statement shall cover only the Registrable Securities. The Company shall, at its expense, use its best efforts to maintain the effectiveness of such registration statement until the earlier of (i) such time as when all of the Registrable Securities have been disposed of or (ii) three (3) years after the redemption or exercise, as the case may be, of all of the Mack Units and Stock Warrants (including Mack Units received upon conversion of Preferred Units or exercise of the Unit Warrants) into Common Stock. Notwithstanding anything in this Section 2.6 to the contrary, if at the Anniversary Date the Company determines, in the good faith judgment of the Board of Directors of the Company, with the advice of counsel, that the filing of such shelf registration statement would require the disclosure of non-public material information the disclosure of which would have a material adverse effect on the Company or would otherwise adversely affect a material financing, acquisition, disposition, merger or other significant transaction, the Company shall deliver a certificate to such effect signed by its President or any Vice President to the Holders and the Company shall not be required to effect a registration pursuant to this Section 2.6 until the earlier of (A) three (3) days after the date upon which such material information is disclosed to the public or ceases to be material or (B) 90 days after the Company makes such good faith determination.

### 3. REQUESTED REGISTRATION.

3.1 REQUEST FOR REGISTRATION. At any time on or after April 30, 1999, if any Registrable Securities are outstanding and the Holders (and any prior holder) have not yet had the opportunity to register such shares pursuant to Section 2 above, including without limitation

5

pursuant to Section 2.6 above, upon written notice from Initiating Holders requesting that the Company effect any registration with respect to all or part of the Registrable Securities held by such Initiating Holders, the Company shall (a) promptly give written notice of the proposed registration to all other Holders (the "Demand Registration Notice") and (b) as soon as practicable but not later than sixty (60) days after receipt of the request from the Initiating Holders, use its reasonable best efforts, as that phrase is commonly understood to mean in registration rights agreements, and take all appropriate action to effect such registration (including, without limitation, the execution of an undertaking to file post-effective amendments, appropriate qualification under the blue sky or other state securities laws requested by Initiating Holders and appropriate compliance with applicable regulations issued under the Securities Act) as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any Holder or Holders joining in such request as are specified in a written request given within thirty (30) days after receipt of the Demand Registration Notice; PROVIDED, HOWEVER, that:

(i) if, upon receipt of a registration request pursuant to this Section 3, the Company is advised in writing by a nationally recognized independent investment banking firm selected by the Company to act as lead underwriter in connection with a public offering of securities by the Company (a "Company Offering") that, in such firm's opinion, a registration at the time and on the terms requested would materially adversely affect such Company Offering that had been contemplated by the Company prior to the notice by the Initiating Holders, the Company shall not be required to effect a registration pursuant to this Section 3 until the earliest of (A) three months after the completion of such Company Offering, (B) the termination of any "black out" period, if any, required by the underwriters to be applicable to any Holder who has requested to have any Registrable Securities registered in connection with such registration, (C) promptly after abandonment of such Company Offering or (D) four months after the date of written notice from the Initiating Holders demanding registration pursuant to this Section 3;

(ii) if, while a registration request is pending pursuant to this Section 3, the Company determines, in the good faith judgment of the Board of Directors of the Company, with the advice of counsel, that the filing of a registration statement would require the disclosure of non-public material information the disclosure of which would have a material adverse effect on the Company or would otherwise adversely affect a material financing, acquisition, disposition, merger or other significant transaction, the Company shall deliver a certificate to such effect signed

by its President or any Vice President to the proposed selling Holders and the Company shall not be required to effect a registration pursuant to this Section 3 until the earlier of (A) three (3) days after the date upon which such material information is disclosed to the public or ceases to be material or (B) 90 days after the Company makes such good faith determination; and

(iii) the provisions of this Section 3 shall not be applicable if a Shelf Registration under Section 2.6 hereof is effective and available for use (unless Holders desire to dispose of such shares pursuant to an underwritten public offering as contemplated by Section 3.4 hereof, in which case the rights granted under this Section 3.1 shall apply without regard to whether or not such Holders had an opportunity to register such shares

6

pursuant to Section 2.6 above)

3.2 COMPANY SHARES TO BE INCLUDED. The registration statement filed pursuant to the request of the Initiating Holders may, subject to the provisions of Section 3.5 below, include securities of the Company being sold for the account of the Company (the "Company Shares").

3.3 WITHDRAWAL OF REGISTRATION. If the Initiating Holders inform the Company by written notice that they are withdrawing their registration request made pursuant to Section 3.1 above and the Company decides to go forward with such registration on its own behalf, then the Initiating Holders shall not be required to pay any of the Company's out-of-pocket expenses. If the Company elects not to go forward with such registration on its own behalf, the Initiating Holders shall be required to pay the Company's out-of-pocket expenses.

3.4 UNDERWRITING.

(a) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 3 and the Company shall include such information in the Demand Registration Notice, and such Demand Registration Notice shall also state that any registration pursuant to this Section 3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein and subject to the limitations provided herein. A Holder may elect to include in such underwriting all or a part of such Holder's Registrable Securities.

(b) The Company shall (together with all Holders proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting by a majority in interest of the Initiating Holders.

3.5 LIMITATIONS ON SHARES TO BE INCLUDED. Notwithstanding any other provision of this Section 3, if the representative of the underwriters advises the Company or the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten or that the inclusion of Company Shares may adversely affect the sale price (of the shares to be registered) that may be obtained, Company Shares shall be excluded from such registration to the extent so required by such limitation, and if a limitation of the number of shares is still required, the number of shares that may be included in the registration and underwriting shall be allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities which they have requested to be included in such registration statement. If the Company or any Holder of Registrable Securities who has requested inclusion in such registration as provided above disapproves of the terms of any such underwriting, such Person may elect to withdraw such Person's Registrable Securities or Company Shares therefrom by written notice to the Company, the underwriter and the Initiating Holders. If the withdrawal of any Registrable Securities or Company Shares would allow, within the marketing limitations set forth above, the inclusion in the underwriting of a greater number of

7

shares of Registrable Securities, to the extent practicable and without delaying the underwriting, the Company shall offer to the Holders an opportunity to include additional shares of Registrable Securities.

4. EXPENSES OF REGISTRATION. All Registration Expenses incurred in connection with the registration or qualification of, or compliance with, any registration statement under Sections 2 and 3 of this Agreement shall be borne

by the Company. All Selling Expenses shall be borne pro rata by each Holder and each Other Shareholder in accordance with the number of shares sold.

#### 5. REGISTRATION PROCEDURES.

5.1 In the case of each registration to be effected by the Company pursuant to this Agreement, the Company will keep each Holder advised in writing as to the initiation of each registration and all amendments thereto and as to the completion thereof, advise any such Holder, upon request, of the progress of such proceedings, use its best efforts to effect the registration of any Registrable Securities under the Securities Act, and will, at its expense:

(a) Prepare and file with the Commission a registration statement covering such Registrable Securities and use its best efforts to cause such registration statement to be declared effective by the Commission and to keep such registration effective for a period of one hundred eighty (180) days or until the Holder or Holders have completed the distribution described in the registration statement relating thereto, whichever first occurs; PROVIDED, HOWEVER, that the Company shall keep such registration effective for longer than one hundred and eighty (180) days if the costs and expenses associated with such extended registration are borne by the selling Holders; PROVIDED FURTHER, HOWEVER, that the foregoing shall not apply to any registration statement filed pursuant to Section 2.6 hereof.

(b) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement;

(c) Furnish to each seller of Registrable Securities covered by such registration statement and each Holder two conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as such seller or Holder, as the case may be, may reasonably request;

(d) Promptly notify each seller of Registrable Securities covered by such registration statement and each Holder at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of

8

which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing;

(e) Use its best efforts (i) to register or qualify all Registrable Securities and other securities covered by such registration statement under such other securities or blue sky laws of such states of the United States of America where an exemption is not available and as the sellers of Registrable Securities covered by such registration statement shall reasonably request, (ii) to keep such registration or qualification in effect for so long as such registration statement remains in effect and (iii) to take any other action which may be reasonably necessary or advisable to enable such sellers to consummate the disposition in such jurisdictions of the securities to be sold by such sellers; PROVIDED, HOWEVER, that the Company shall not for any such purpose be required to (x) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (e) be obligated to be so qualified, (y) subject itself to taxation in any such jurisdiction or (z) consent to general service of process in any such jurisdiction;

(f) Use its best efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other federal or state governmental agencies or authorities as may be necessary in the opinion of counsel to the Company and counsel to the seller or sellers of Registrable Securities to enable the seller or sellers

thereof to consummate the disposition of such Registrable Securities;

(g) Use its best efforts to list all such Registrable Securities registered in such registration on each securities exchange or automated quotation system on which the Common Stock of the Company is then listed;

(h) Provide and cause to be maintained a transfer agent and registrar for all Registrable Securities and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(i) Make available for inspection by any seller of Registrable Securities and each Holder, any underwriter participating in any disposition pursuant to such registration statement, and any attorney or accountant retained by any such seller, Holder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, Holder, underwriter, attorney or accountant in connection with such registration statement, which information shall be subject to reasonable restrictions concerning confidentiality and non-disclosure;

(j) Furnish to each selling Holder upon request a signed counterpart,

9

addressed to the selling Holder, of

(iii) an opinion of counsel for the Company, dated the effective date of the registration statement and in form reasonably acceptable to the Company and such Holder, and

(iv) "comfort" letters signed by the Company's independent public accountants who have examined and reported on the Company's financial statements included in the registration statement, to the extent permitted by the standards of the American Institute of Certified Public Accountants,

in the case of (i) and (ii) covering substantially the same matters with respect to the registration statement (and the prospectus included therein) and (in the case of the accountants' "comfort" letters) with respect to events subsequent to the date of the financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' "comfort" letters delivered to the underwriters in underwritten public offerings of securities;

(k) Furnish to each selling Holder a copy of all correspondence from or to the Commission in connection with any such offering;

(l) In the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Registrable Securities included in such registration statement for sale in any jurisdiction, the Company will use its reasonable best efforts promptly to obtain the withdrawal of such order; and

(m) Otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and, if required, make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, beginning with the first month after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

5.2 It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement that the Holders proposing to register Registrable Securities shall furnish to the Company such information regarding them, the Registrable Securities held by them, and the intended method of distribution of such Registrable Securities as the Company shall reasonably request and as shall be required in connection with the action to be taken by the Company.

5.3 In connection with the preparation and filing of each registration statement under this Agreement, the Company will give the Holders on whose behalf such Registrable Securities are to be registered and their underwriters, if any, and their respective counsel and accountants, the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and will give each Holder such access to the Company's books and records and such opportunities to discuss the business of the Company with its officers, its

counsel and the independent public accountants who have certified the Company's financial statements, as shall be necessary, in the opinion of such Holders or such underwriters or their respective counsel, in order to conduct a reasonable and diligent investigation within the meaning of the Securities Act. Without limiting the foregoing, each registration statement, prospectus, amendment, supplement or any other document filed with respect to a registration under this Agreement shall be subject to review and reasonable approval by the Holders registering Registrable Securities in such registration and by their counsel.

#### 6. INDEMNIFICATION.

6.1 INDEMNIFICATION BY THE COMPANY. In the event of any registration of any securities of the Company under the Securities Act, the Company will indemnify and hold harmless each Holder, each of its officers, directors, partners, employees, agents, attorneys and consultants and each Person controlling such Holder, and each underwriter, if any, and each Person who controls any underwriter, against all claims, losses, damages and liabilities, joint and several (or actions, proceedings or settlements in respect thereof) arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based upon any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse each such Holder, each of its officers, directors and partners, and each Person controlling such Holder, each such underwriter and each Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability or action; PROVIDED, HOWEVER, that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission made in reliance upon and based upon written information furnished to the Company by such Holder or underwriter and expressly stated to be specifically for use therein.

6.2 INDEMNIFICATION BY THE HOLDERS. Each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, severally and not jointly, indemnify the Company, each of its directors and officers and each underwriter, if any, of the Company's securities covered by such a registration statement, each Person who controls the Company (other than such Holder) or such underwriter within the meaning of the Securities Act and the rules and regulations thereunder, each other such Holder and each of their officers, directors and partners, and each Person controlling such Holder or other stockholder, against all claims, losses, damages, expenses and liabilities (or actions in respect thereof) arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company, each of its directors and officers, each underwriter or control Person, each other Holder and each of their officers, directors and partners and each Person controlling such Holder or other shareholder for

any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by such Holder and expressly stated to be specifically for use therein; PROVIDED, HOWEVER, that the liability of any such Holder under this Section 6.2 shall be limited to the amount of proceeds received by such Holder in the offering giving rise to such liability.

6.3 NOTICES OF CLAIMS, PROCEDURES, ETC. Each party entitled to indemnification under this Section 6 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; PROVIDED, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the

Indemnified Party may participate in such defense at the Indemnified Party's sole expense; PROVIDED, FURTHER, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 6 unless such failure is prejudicial to the ability of the Indemnifying Party to defend such claim or action. Notwithstanding the foregoing, such Indemnified Party shall have the right to employ its own counsel in any such litigation, proceeding or other action if (i) the employment of such counsel has been authorized by the Indemnifying Party, in its sole and absolute discretion, or (ii) the named parties in any such claims (including any impleaded parties) include any such Indemnified Party and the Indemnified Party and the Indemnifying Party shall have been advised in writing (in suitable detail) by counsel to the Indemnified Party either (A) that there may be one or more legal defenses available to such Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (B) that there is a conflict of interest by virtue of the Indemnified Party and the Indemnifying Party having common counsel, in any of which events, the legal fees and expenses of a single counsel for all Indemnified Parties with respect to each such claim, defense thereof, or counterclaims thereto, shall be borne by the Indemnifying Party. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement (x) which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation, or (y) which requires action other than the payment of money by the Indemnifying Party. Each Indemnified Party shall cooperate to the extent reasonably required and furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

6.4 CONTRIBUTION. If the indemnification provided for in this Section 6 shall for any reason be held by a court to be unavailable to an Indemnified Party under Section 6.1 or 6.2 hereof in respect of any loss, claim, damage or liability, or any action in respect thereof, then, in lieu of the amount paid or payable under Section 6.1 or 6.2, the Indemnified Party and the Indemnifying Party under Section 6.1 or 6.2 shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with

12

investigating the same), (i) in such proportion as is appropriate to reflect the relative fault of the Company and the prospective sellers of Registrable Securities covered by the registration statement which resulted in such loss, claim, damage or liability, or action or proceeding in respect thereof, with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action or proceeding in respect thereof, as well as any other relevant equitable considerations or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as shall be appropriate to reflect the relative benefits received by the Company and such prospective sellers from the offering of the securities covered by such registration statement; PROVIDED, that for purposes of this clause (ii), the relative benefits received by the prospective sellers shall be deemed not to exceed the amount of proceeds received by such prospective sellers. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Such prospective sellers' obligations to contribute as provided in this Section 6.4 are several in proportion to the relative value of their respective Registrable Securities covered by such registration statement and not joint. In addition, no Person shall be obligated to contribute hereunder any amounts in payment for any settlement of any action or claim effected without such Person's consent, which consent shall not be unreasonably withheld.

7. INFORMATION BY HOLDER. Each Holder of Registrable Securities shall furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Agreement.

8. TRANSFER OR ASSIGNMENT OF REGISTRATION RIGHTS. The rights with respect to any Registrable Securities to cause the Company to register such securities granted to a Holder by the Company under this Agreement may be transferred or assigned by a Holder, in whole or in part, to a transferee or assignee of any Registrable Securities or any Mack Units, Preferred Units, Unit Warrants or Stock Warrants which are convertible, exercisable or redeemable, directly or indirectly, for Registrable Securities and, in such case, the Company shall be given written notice stating the name and address of said transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned.

9. RULE 144 AND RULE 144A. The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules

and regulations adopted by the Commission thereunder, and will take all actions reasonably necessary to enable holders of Registrable Securities to sell such securities without registration under the Securities Act within the limitation of the provisions of (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, (b) Rule 144A under the Securities Act, as such Rule may be amended from time to time, if applicable or (c) any similar rules or regulations hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

10. SPECIFIC PERFORMANCE. Each holder of Registrable Securities, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of

13

the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

11. NO INCONSISTENT AGREEMENTS. The Company will not hereafter enter into any agreement with respect to its securities which is inconsistent with the rights granted to the holders of Registrable Securities in this Agreement. Without limiting the generality of the foregoing, the Company will not hereafter enter into any agreement with respect to its securities which grants, or modify any existing agreement with respect to its securities to grant, to the holder of its securities in connection with an incidental registration of such securities higher priority to the rights granted to the Holder under Section 2 of this Agreement; PROVIDED, HOWEVER, the Company shall be entitled to enter into an agreement which grants, or modify any existing agreement with respect to its securities to grant, to the holder of its securities in connection with an incidental registration of such securities equal priority to the rights granted to the Holders under Section 2 of this Agreement.

12. BENEFITS OF AGREEMENT: SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, legal representatives and heirs; this Agreement does not create, and shall not be construed as creating, any rights enforceable by any other Person.

13. COMPLETE AGREEMENT. This Agreement constitutes the complete understanding among the parties with respect to its subject matter and supersedes all existing agreements and understandings, whether oral or written, among them. No alteration or modification of any provisions of this Agreement shall be valid unless made in writing and signed by a majority in interest of the Holders.

14. SECTION HEADINGS. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. NOTICES. All notices, offers, acceptances and other communications required or permitted to be given or to otherwise be made to any party to this Agreement shall be deemed to be sufficient if contained in a written instrument delivered by hand, first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, if to the Corporation, to it at Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016, Attention: Thomas A. Rizk, Esq., with a copy to Pryor, Cashman, Sherman & Flynn, 410 Park Avenue, New York, New York 10022, Attention: Jonathan A. Bernstein, Esq., and if to any Holder, to the address of such Holder as set forth in the stock transfer books of the Corporation.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. Any party may change the address to which each such notice or communication shall be sent by giving written notice to tie other parties of such new address in the manner provided herein for giving notice.

14

16. GOVERNING LAW. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to the provisions, policies or principles thereof respecting conflict or choice of laws.

17. COUNTERPARTS. This Agreement may be executed in one or more



counterparts each of which shall be deemed an original but all of which taken together shall constitute one and the same agreement.

18. SEVERABILITY. Any provision of this Agreement which is determined to be illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof which shall be severable and enforceable according to their terms and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first set forth above.

MACK-CALI REALTY CORPORATION

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

-----

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

-----

-----

-----

-----

-----

16

SECOND AMENDED AND RESTATED  
AGREEMENT OF LIMITED PARTNERSHIP

OF

MACK-CALI REALTY, L.P.

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS 1

ARTICLE 2 CONTINUATION OF THE PARTNERSHIP . . . . . 10  
2.1 Continuation. . . . . 10  
2.2 Entire Agreement. . . . . 10

ARTICLE 3 NAME AND OFFICES. . . . . 11  
3.1 Name . . . . . 11  
3.2 Principal and Registered Offices. . . . . 11

ARTICLE 4 PURPOSE . . . . . 11  
4.1 Purpose . . . . . 11  
4.2 Powers. . . . . 11

ARTICLE 5 TERM AND FISCAL YEAR. . . . . 12  
5.1 Term . . . . . 12  
5.2 Fiscal Year . . . . . 12

ARTICLE 6 CAPITAL CONTRIBUTIONS, ADDITIONAL FUNDING AND  
CAPITAL ACCOUNTS . . . . . 12  
6.1 Capital Contributions of the General Partner. . . . . 12  
6.2 Capital Contributions of the Limited Partners . . . . . 13  
6.3 General Partner Option to Contribute Additional  
Capital. . . . . 13  
6.4 General Partner Option to Issue Additional  
Partnership Units to Limited Partners . . . . . 14  
(a) Issuance of Additional Partnership Units . . . . . 14  
(b) Additional Partnership Units and Percentage  
Interest Adjustments. . . . . 16  
(c) Adjustments to Partnership Units . . . . . 17  
(d) Fractional Units . . . . . 17  
(e) Issuance of New Securities . . . . . 17  
6.5 Capital Accounts. . . . . 17  
6.6 Limited Liability . . . . . 18  
6.7 Return of Capital . . . . . 18  
6.8 No Interest on Capital Contributions. . . . . 18  
6.9 No Third Party Beneficiary. . . . . 18  
6.10 Common Stock Option Plans. . . . . 19

ARTICLE 7 ALLOCATION OF PROFITS AND LOSSES. . . . . 19  
7.1 General Allocation of Profits and Losses. . . . . 19  
7.2 Allocations with Respect to Transferred Interests . . . . . 19  
7.3 Deficit Restoration Obligation. . . . . 19  
7.4 Regulatory Allocations. . . . . 20

(a) Minimum Gain Chargeback . . . . .	20
(b) Exceptions to Section 7.3(a) . . . . .	20
(c) Qualified Income Offset . . . . .	20
(d) Gross Income Allocation . . . . .	21
(e) Partner Nonrecourse Debt . . . . .	21
(f) Interpretation . . . . .	21
(g) Curative Allocations . . . . .	21
7.5 Special Allocations with Respect to Contributed or Revalued Property . . . . .	22
7.6 Allocations with Respect to Partnership Units other than the OP Units . . . . .	22
ARTICLE 8 DISTRIBUTIONS . . . . .	22
8.1 Distribution of Net Cash Flow . . . . .	22
8.2 Distributions in Kind . . . . .	23
8.3 Withholding . . . . .	23
8.4 Distributions with Respect to Partnership Units other than OP Units . . . . .	24
ARTICLE 9 MANAGEMENT . . . . .	24
9.1 Management of Partnership Affairs . . . . .	24
9.2 Powers and Authorities of the General Partner . . . . .	24
9.3 Major Decisions . . . . .	27
9.4 Restrictions on General Partner's Authority . . . . .	27
9.5 Engagements by the Partnership . . . . .	28
9.6 Engagement of Affiliates . . . . .	28
9.7 Liability of the General Partner . . . . .	28
9.8 Reimbursement of Certain Expenses of the General Partner . . . . .	28
9.9 Outside Activities of the General Partner . . . . .	29
9.10 Operation in Accordance with REIT Requirements . . . . .	29
9.11 Title Holder . . . . .	29
ii	
ARTICLE 10 RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS . . . . .	29
10.1 No Participation in Management of Partnership; Rights of Limited Partners to Certain Documents . . . . .	29
10.2 Withdrawal, Retirement, Death, Incompetency, Insolvency or Dissolution of a Limited Partner . . . . .	30
10.3 Redemption Rights . . . . .	31
(a) Grant of Rights . . . . .	31
(b) Delivery of Exercise Notices . . . . .	31
(c) Assumption by General Partner . . . . .	31
(d) Limitation on Exercise of Redemption Rights . . . . .	32
(e) Computation of Number of Exchange Shares and/or Cash To Be Paid . . . . .	33
(f) Closing; Delivery of Election Notice . . . . .	33
(g) Closing Deliveries . . . . .	33
(h) Restrictions On Redemption of Partnership Units . . . . .	34
(i) Term of Rights . . . . .	34
(j) Covenants of the General Partner . . . . .	35
(k) Limited Partners' Covenant . . . . .	36
ARTICLE 11 BANKING, RECORDS AND TAX MATTERS . . . . .	36
11.1 Partnership Funds . . . . .	36
11.2 Books and Records . . . . .	37
11.3 Financial Statements . . . . .	37
11.4 Tax Returns . . . . .	37
11.5 Section 754 Matters . . . . .	37
11.6 Tax Matter Partners . . . . .	38
11.7 Other Reports . . . . .	38
ARTICLE 12 TRANSFER OF GENERAL PARTNER INTERESTS . . . . .	38
12.1 Transfer of Interest of the General Partner . . . . .	38
12.2 Retirement of the General Partner . . . . .	38
12.3 Transferee of the General Partner's Interest . . . . .	39
12.4 Retirement of Last Remaining General Partner . . . . .	39
12.5 Continuation of Partnership . . . . .	39
12.6 Merger or Consolidation of the General Partner . . . . .	39
ARTICLE 13 TRANSFER OF LIMITED PARTNER INTERESTS . . . . .	41
13.1 Transfer of Interest of a Limited Partner . . . . .	41
13.2 Assignee and Substitute Limited Partners . . . . .	41
13.3 Assignment . . . . .	42
13.4 Cost of Admission . . . . .	42

ARTICLE 14 DISSOLUTION AND LIQUIDATION OF PARTNERSHIP . . . . . 42

    14.1 Dissolution of the Partnership . . . . . 43

    14.2 Winding Up of Affairs. . . . . 43

    14.3 Accounting . . . . . 43

    14.4 Final Distribution of Partnership Property . . . . . 44

    14.5 Certificate of Cancellation. . . . . 44

ARTICLE 15 POWER OF ATTORNEY. . . . . 44

    15.1 Power of Attorney. . . . . 44

    15.2 Grant of Authority Irrevocable . . . . . 45

ARTICLE 16 AMENDMENT OF PARTNERSHIP AGREEMENT . . . . . 45

    16.1 Amendments by Partners . . . . . 45

    16.2 Amendment by the General Partner . . . . . 46

    16.3 Amendment of Certificate . . . . . 47

ARTICLE 17 INDEMNIFICATION. . . . . 47

    17.1 Partnership Indemnification of Partner . . . . . 47

    17.2 Partner Indemnification of Partnership . . . . . 47

ARTICLE 18 MISCELLANEOUS PROVISIONS . . . . . 47

    18.1 Notices. . . . . 47

    18.2 Severability . . . . . 48

    18.3 Parties Bound. . . . . 48

    18.4 Applicable Law . . . . . 48

    18.5 Partition. . . . . 48

    18.6 Computation of Accountants . . . . . 48

    18.7 Headings . . . . . 48

    18.8 Counterparts . . . . . 48

EXHIBITS

    Exhibit A: Partners and Partnership Units

    Exhibit B: Mack-Cali Realty, L.P. Unit Certificates

    Exhibit C: Holders of Series A Preferred Units

    Exhibit D: Holders of Series B Preferred Units

    Exhibit E: Schedule of Percentage Interests

SECOND AMENDED AND RESTATED  
 AGREEMENT OF LIMITED PARTNERSHIP  
 OF  
 MACK-CALI REALTY, L.P.

THIS SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (this "Agreement") of MACK-CALI REALTY, L.P., a Delaware limited partnership (the "Partnership"), is made and entered into as of the 11th day of December, 1997, by and among MACK-CALI REALTY CORPORATION, a Maryland corporation, as general partner, and those parties who are designated as limited partners upon Exhibit A attached hereto and made a part hereof by this reference, as limited partners.

R E C I T A L S:  
 -----

WHEREAS, the Partnership was previously formed pursuant to that certain Agreement of Limited Partnership, dated as of May 31, 1994 (the "Original Agreement"), and that certain Certificate of Limited Partnership, dated as of May 31, 1994, which was filed with the Secretary of State of Delaware on May 31, 1994;

WHEREAS, the Original Agreement was amended and restated pursuant to the terms of that certain Agreement of Limited Partnership, dated as of August 31, 1994 and was further amended and restated pursuant to the terms of that Amended and Restated Agreement of Limited Partnership, dated as of January 16, 1997 (the "LP Agreement");

WHEREAS, the Partnership has entered into that certain Contribution and Exchange Agreement dated September 18, 1997, as amended by a First Amendment to the Contribution and Exchange Agreement dated as of December 11, 1997 (the "Contribution Agreement"), with certain contributing partnerships and certain other entities or persons affiliated with the Mack Company and Patriot American Office Group pursuant to which the Partnership will acquire the Exchange Property (as defined in the Contribution Agreement) in exchange for a combination of Partnership Units, warrants and, in certain cases, cash;

WHEREAS, pursuant to the Contribution Agreement, the Partnership will change its name to Mack-Cali Realty, L.P. upon the admission of additional Limited Partners, the contribution of the Exchange Property to the Partnership and the satisfaction of certain other conditions;

WHEREAS, the parties hereto desire to continue the Partnership under the name Mack-Cali Realty, L.P., to admit additional Limited Partners and to amend and restate the terms and provisions of the LP Agreement in its entirety, all upon the terms and provisions, and subject to the conditions, set forth herein;

-1-

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

ARTICLE 1  
DEFINITIONS

As used in this Agreement, unless otherwise clearly indicated to the contrary, the following terms have the meanings set forth below.

"Accountants" shall mean the firm or firms of independent certified public accountants selected from time to time by the General Partner on behalf of the Partnership to audit the books and records of the Partnership and to prepare statements and reports in connection therewith.

"Act" shall mean the Delaware Revised Uniform Limited Partnership Act, as amended from time to time subsequent to the date hereof.

"Additional Partnership Units" shall have the definition assigned to such term in Section 6.3 hereof.

"Additional Limited Partner" shall have the definition assigned to such term in Section 6.4 hereof.

"Affiliate" shall mean, with respect to any Partner (or as to any other Person the affiliates of whom are relevant for purposes of any of the provisions of this Agreement), (i) any member of the Immediate Family of such Partner; (ii) any trustee or beneficiary of a Partner; (iii) any legal representative, successor or assignee of such Partner or any Person referred to in the preceding clauses (i) and (ii); (iv) any trustee for the benefit of such Partner or any Person referred to in the preceding clauses (i) through (iii); or (v) any Person which directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with such Partner or any Person referred to in the preceding clauses (i) through (iv).

"Agreed Value" shall mean, with respect to any property contributed by a Partner to the Partnership hereunder, an amount equal to (i) the Gross Asset Value of the Capital Contribution determined as of the date of such contribution, less (ii) the amount of any and all liabilities securing such contributed property that the Partnership is considered to assume or take subject to with respect to such property under Code Section 752 or the Regulations promulgated thereunder.

"Board of Directors" shall mean the Board of Directors of the General Partner.

"Capital Account" shall have the definition assigned to such term in Section 6.5 hereof.

-2-

"Capital Contribution" shall mean, with respect to any Partner, the amount of money and the Agreed Value of any property (other than money) contributed to the Partnership with respect to the Partnership Interest held by such Partner.

"Certificate" shall mean the Partnership's Certificate of Limited Partnership, as amended from time to time in accordance with the terms hereof and the Act.

"Closing Price" shall mean, on any date, with respect to a share of Common Stock, 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 or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or if the Common Stock is not listed or admitted to

trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock as such person is selected from time to time by the Board of Directors.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time or any successor statute thereto.

"Common Stock" shall mean the shares of the common stock, par value \$.01 per share, of the General Partner.

"Completion of the Offering" shall mean the closing of the first sale of Common Stock in the Offering.

"Contribution Agreement" shall have the meaning set forth in the Recitals above.

"Control" shall mean the ability, whether by the direct or indirect ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to select the managing partner of a partnership, or otherwise to select, or have the power to remove and then select, a majority of those persons exercising governing authority over any particular entity. In the case of a limited partnership, the sole general partner, all of the general partners to the extent each has equal management control and authority, or the managing general partner or managing general partners thereof shall be deemed to have control of such partnership and, in the case of a trust, any trustee thereof or any Person having the right to select any such trustee shall be deemed to have control of such trust.

-3-

"Current Per Share Market Price", on any date, shall mean the average of the Closing Price for the five (5) consecutive Trading Days ending on such date.

"Depreciation" shall mean, with respect to any asset of the Partnership for any fiscal year or other period, the depreciation, depletion, amortization or other cost recovery deduction, as the case may be, allowed or allowable for Federal income tax purposes in respect of such asset for such fiscal year or other period; provided, however, that if there is a difference between the Gross Asset Value and the adjusted tax basis of such asset, Depreciation shall mean "book depreciation, depletion or amortization" as determined under Section 1.704-1(b)(2)(iv)(g)(3) of the Regulations.

"Excess Deficit Capital Account Balance" of any Partner shall be the Capital Account balance of such Partner, adjusted as provided in the immediately following sentence, to the extent, if any, that such balance is a deficit (after adjustment). For purposes of determining the existence and amount of an Excess Deficit Capital Account Balance, the Capital Account balance of a Partner shall be adjusted by: (i) crediting thereto (A) that portion of any deficit Capital Account balance that such Partner is required to restore under the terms of this Agreement or any other document, and (B) the amount of such Partner's share of Minimum Gain, including any Partner Nonrecourse Debt Minimum Gain; and (ii) charging thereto the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) that apply to such Partner. The existence and amount of Excess Deficit Capital Account Balance at the end of any year shall be determined before any other allocations provided for in Article 7 for such year have been made.

"Exercise Notice" shall mean the written notice as described in Section 10.3(b) hereof to be given by an Exercising Partner to the General Partner to exercise Redemption Rights, the form of which Exercise Notice is attached to the Unit Certificate as Attachment 1.

"Exercising Partners" shall have the meaning set forth in Section 10.3(b) hereof.

"General Partner" shall mean Mack-Cali Realty Corporation, a Maryland corporation, and any substitute or additional General Partner(s) duly admitted pursuant to the terms of this Agreement, or, where the context so requires, any successor General Partner(s) acting pursuant to the provisions of this Agreement.

"Gross Asset Value" shall mean, with respect to any asset of the Partnership, such asset's adjusted basis for Federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner shall be equal to the gross fair market value of such asset as

determined by the General Partner in its reasonable discretion; provided, however that the Gross Asset Value of the assets contributed by a Limited Partner concurrent with the Offering shall be equal to the product of (1) the Partnership Units received by the Limited Partner at that time (as set forth on Exhibit A) and (2) the initial offering price per share of Common Stock in connection with the Offering.

-4-

(b) If the General Partner reasonably determines that an adjustment is necessary or appropriate to reflect the relative economic interests of the Partners, the Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as reasonably determined by the General Partner, as of the following times:

- (i) a Capital Contribution (other than a de minimis Capital Contribution) to the Partnership by a new or existing Limited Partner as consideration for a Partnership Interest;
- (ii) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership money or property as consideration for the redemption of a Partnership Interest;
- (iii) the liquidation of the Partnership within the meaning of Section 1.704-1(b)(2)(i)(g) of the Regulations; and
- (iv) any other time that such adjustment may be made under the Code, the Regulations or any administrative pronouncement or ruling by the IRS.

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset as reasonably determined by the General Partner as of the date of distribution; and

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Sections 734(b) or 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations; provided, however, that Gross Asset Values shall not be adjusted pursuant to this paragraph to the extent that the General Partner reasonably determines that an adjustment pursuant to paragraph (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d).

At all times, Gross Asset Values shall be adjusted by any Depreciation taken into account with respect to the Partnership's assets for purposes of computing Profits and Losses. Any adjustment to the Gross Asset Values of Partnership property shall require an adjustment to the Partners' Capital Accounts; as for the manner in which such adjustments are allocated to the Capital Accounts, see clause (iii) of the definition of Profits and Losses in the case of adjustment by Depreciation, and clause (iv) of said definition in all other cases.

"Immediate Family" shall mean, with respect to any individual Person, such individual Person's spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law and children-in-law.

-5-

"IRS" means the Internal Revenue Service, which administers the federal tax laws of the United States.

"Limited Partners" shall mean any Person named as a Limited Partner on the Exhibit A attached hereto as such Exhibit may be amended from time to time, or any substituted Limited Partner or additional Limited Partner duly admitted to the Partnership pursuant to the terms of this Agreement.

"Liquidation" shall mean the disposition of all or substantially all of the assets of the Partnership pursuant to a complete liquidation of the Partnership.

"Minimum Gain" shall have the meaning given such term in Regulation Section 1.704-2(d), and shall generally mean the amount by which the nonrecourse liabilities secured by any assets of the Partnership exceed the adjusted tax basis of such assets as of the date of determination. A Partner's share of Minimum Gain (and any net decrease thereof) at any time shall be determined in accordance with Treasury Regulation Section 1.704-2(g).

"Net Cash Flow" shall mean, with respect to any fiscal period of the Partnership, the excess, if any, of "Receipts" over "Expenditures." For purposes hereof, the term "Receipts" means the sum of (i) all cash receipts of the Partnership from all sources for such period, including Net Sale Proceeds and Net Financing Proceeds but excluding Capital Contributions, and (ii) any amounts held as reserves as of the last day of the period immediately prior to

such fiscal period that the General Partner deemed necessary for any capital or operating expenditure permitted hereunder. The term "Expenditures" means the sum of (a) all cash expenses of the Partnership for such period, (b) the amount of all payments of principal and interest on account of any indebtedness of the Partnership including payments of principal and interest on account of any indebtedness owed to a Partner during such period, (c) any amounts held as reserves as of the last day of such fiscal period as the General Partner in its sole discretion deems necessary for any capital or operating expenditures permitted hereunder or reserves for any other purpose that the General Partner in its sole discretion shall determine to be appropriate and (d) any amounts held in working capital accounts or other cash or similar balances which the General Partner determines to be necessary or appropriate in its sole discretion. In the event the General Partner issues additional classes of Partnership Units other than OP Units, the General Partner may, to the extent necessary, in its sole discretion, determine the amount of Net Cash Flow attributable to each class of Partnership Units and the timing of payment thereof.

"Net Financing Proceeds" shall mean the cash proceeds received by the Partnership in connection with any borrowing or refinancing of borrowing by or on behalf of the Partnership (whether or not secured), after deduction of all costs and expenses incurred by the Partnership in connection with such borrowing, and after deduction of that portion of such proceeds used to repay any other indebtedness of the Partnership, or any interest or premium thereon.

"Net Sale Proceeds" means the cash proceeds received by the Partnership in connection with a sale of any asset by or on behalf of the Partnership after deduction of any costs or

-6-

expenses incurred by the Partnership, or payable specifically out of the proceeds of such sale (including, without limitation, any repayment of any indebtedness required to be repaid as a result of such sale or which the General Partner elects to repay out of the proceeds of such sale, together with accrued interest and premium, if any, thereon and any sales commissions or other costs and expenses due and payable to any Person in connection with a sale, including to a Partner or its Affiliates).

"Offered Units" shall mean the Partnership Units of the Exercising Partners identified in an Exercise Notice which, pursuant to the exercise of a Redemption Right, can be acquired by the General Partner under the terms hereof.

"Offering" shall mean the initial public offering of the General Partner's Common Stock.

"OP Units" shall mean those common Partnership Units issued prior to the date hereof and any additional common Partnership Units issued by the General Partner pursuant to Article 6 hereof.

"Original Agreement" shall have the meaning assigned to such term in the Recitals set forth above.

"Partner or Partners" shall mean, unless the context in which the term is used requires otherwise, the General Partner and the Limited Partners.

"Partner Nonrecourse Debt" shall have the meaning assigned to such term in Regulation Section 1.704-2(b)(4).

"Partner Nonrecourse Debt Minimum Gain" shall have the meaning assigned to such term in Regulation Section 1.704-2(i).

"Partnership" shall mean Cali Realty, L.P., a Delaware limited partnership.

"Partnership Agreement" shall mean this Agreement of Limited Partnership and the Exhibits and Schedules hereto, and any amendments hereto from time to time.

"Partnership Interest" shall mean the ownership interest of a Partner in the Partnership from time to time, including such Partner's Percentage Interest and Capital Account and any and all other benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement and under applicable laws, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

"Partnership Interests Exchange Agreement" shall mean, with respect to a particular Limited Partner, that certain Partnership Interests Exchange Agreement, dated as of July 26, 1994, by and among the Partnership, such Limited Partner, and the other parties thereto, pursuant to which such Limited Partner is contributing to the Partnership, directly or indirectly, all of such Partner's right, title and interest in and to a particular Property Partnership.

-7-



"Partnership Unit" shall mean a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Article 6 hereof; provided, however, that in the event the General Partner issues classes of Partnership Units to Limited Partners other than the OP Units pursuant to Section 6.4 hereof, the term Partnership Unit shall mean with respect to each class of Partnership Units, a fractional, undivided share of the Partnership Interests of all Partners in such class.

"Partnership Record Date" shall mean the record date established by the General Partner for any particular distribution of Net Cash Flow pursuant to Article 8 hereof, which record date shall be the same as the record date established by the General Partner for distribution to its shareholders of some or all of its portion of such distribution.

"Percentage Decrease" shall have the meaning set forth in Section 6.4(b) of this Agreement.

"Percentage Increase" shall have the meaning set forth in Section 6.4(b) of this Agreement.

"Percentage Interest" shall mean, with respect to a Partner holding a Partnership Interest of any class issued hereunder, its interest in such class determined by dividing the Partnership Units owned by such Partner by the total number of Partnership Units of such class then outstanding multiplied by the aggregate Percentage Interest allocable to such class of Partnership Interests. For such time or times as the Partnership shall at any time have outstanding more than one class of Partnership Interests, the Percentage Interest attributable to each class of Partnership Interests shall be determined as set forth in Section 6.4(b) hereof.

"Person" shall mean a natural person, corporation, trust, partnership, estate, unincorporated association or other entity.

"Preferred Redemption Percentage" shall have meaning set forth in Section 6.4(b) of this Agreement.

"Preferred Units" shall mean the Series A Preferred Units, the Series B Preferred Units and any other additional preferred Partnership Units issued by the General Partner pursuant to Article 6 hereof.

"Profits or Losses" shall mean, for each fiscal year or other applicable period, an amount equal to the Partnership's net income or loss for such year or period as determined for Federal income tax purposes by the Accountants, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a) of the Code shall be included in taxable income or loss), with the following adjustments: (i) by including as an item of gross income any tax-exempt income received by the Partnership; (ii) by treating as a deductible expense any expenditure of the Partnership described in Section 705(a)(2)(B) of the Code (including amounts paid or

-8-

incurred to organize the Partnership (unless an election is made pursuant to Code Section 709(b)) or to promote the sale of interests in the Partnership and by treating deductions for any losses incurred in connection with the sale or exchange of Partnership property disallowed pursuant to Section 267(a)(1) or Section 707(b) of the Code as expenditures described in Section 705(a)(2)(B) of the Code); (iii) in lieu of depreciation, depletion, amortization and other cost recovery deductions taken into account in computing total income or loss, there shall be taken into account Depreciation; (iv) gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the Gross Asset Value of such property rather than its adjusted tax basis; and (v) in the event of an adjustment of the Gross Asset Value of any Partnership asset which requires that the Capital Accounts of the Partnership be adjusted pursuant to Regulation Section 1.704-1(b)(2)(iv)(e), (f) and (m), the amount of such adjustment is to be taken into account as additional Profits or Losses pursuant to Article 7.

"Property Partnership" shall mean each of the following (i.e., those partnerships in which, pursuant to the Partnership Interests Exchange Agreements, the Limited Partners are contributing to the Partnership, directly or indirectly, all of their right, title and interest as partners in such partnerships): (i) 11 Commerce Drive Associates, (ii) 6 Commerce Drive Associates, (iii) Century Plaza Associates, (iv) C.W. Associates, (v) D.B.C. Associates, (vi) Cali Building V Associates, (vii) 500 Columbia Turnpike Associates, (viii) Chestnut Ridge Associates, (ix) Roseland II Limited Partnership, (x) Grove Street Associates of Jersey City Limited Partnership, (xi) 20 Commerce Drive Associates, (xii) Tenby Chase Apartments and (xiii) Office Associates, Ltd.

"Redemption Rights" shall have the meaning set forth in Section 10.3(a) hereof.

"Registration Statement" shall mean the Registration Statement No. 33-79892 (including the prospectus contained therein) heretofore filed by the General Partner with the United States Securities and Exchange Commission, and any amendments at any time made thereto (other than post-effective amendments), pursuant to which the General Partner proposes to offer and sell certain of its Common Stock.

"Regulations" shall mean the Treasury regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Regulatory Allocations" has the meaning set forth in Section 7.3(g) of this Agreement.

"REIT" shall mean a real estate investment trust under Section 856 of the Code.

"REIT Requirements" shall mean any and all requirements that must be met to qualify as a REIT under the Code and the Regulations.

"Remaining Units" shall have the meaning set forth in Section 6.4(b) of this Agreement.

-9-

"Series A Preferred Units" shall mean the preferred Partnership Units issued to those Limited Partners set forth on Exhibit C attached hereto and any additional Series A Preferred Units issued by the General Partner pursuant to Article 6 hereof.

"Series B Preferred Units" shall mean the preferred Partnership Units issued to those Limited Partners set forth on Exhibit D attached hereto and any additional Series B Preferred Units issued by the General Partner pursuant to Article 6 hereof.

"Surviving Partnership" shall have the meaning set forth in Section 12.6(b) hereof.

"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 or, if the Common Stock is not listed or admitted to trading on any national securities exchange, any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Unit Certificate" shall have the meaning set forth in Section 6.2 hereof.

## ARTICLE 2 CONTINUATION OF THE PARTNERSHIP

2.1 Continuation. The Partners hereby continue the Partnership as a limited partnership formed under and pursuant to the terms and provisions of the Act, and the rights and obligations of the Partners shall be as provided therein except as otherwise expressly provided in this Agreement. The Partners agree to execute such certificates or documents and do such filings and recordings and all other acts, including the filing or recording of an amendment to the Certificate and any assumed name certificates in the appropriate offices in the State of Delaware and any other applicable jurisdictions as may be required to comply with applicable law. The Partners agree that immediately after the admission of one Limited Partner, the Organizational Limited Partner shall be deemed to have withdrawn from the Partnership.

2.2 Entire Agreement. Each and every other agreement or understanding, oral or written, relating in any way to the formation or operation of the Partnership including, but not limited to, the Original Agreement, is hereby superseded in its entirety. From and after the execution of this Agreement, the same shall constitute the only Agreement of Limited Partnership of the Partnership except as the same may hereafter be amended pursuant to the provisions hereof. This Agreement represents the entire agreement (other than any agreement entered into by Partners in connection with OP Unit transactions) and understanding of the parties hereto concerning the Partnership and their relationship as Partners, and all prior or concurrent agreements, understandings, representations and warranties in regard to the subject matter hereof including, but not limited to, the Original Agreement, are and have been merged herein.

-10-

ARTICLE 3  
NAME AND OFFICES

3.1 Name. The business of the Partnership is currently being conducted under the name of "Cali Realty, L.P.". Upon approval by the shareholders of the General Partner and the consummation of the transactions contemplated by the Contribution Agreement, the name of the Partnership shall be changed to Mack-Cali Realty, L.P. and the business of the Partnership shall be continued under that name.

3.2 Principal and Registered Offices. The principal place of business of the Partnership shall be located at c/o the General Partner at 11 Commerce Drive, Cranford, New Jersey 07016. The registered agent of the Partnership shall be The Prentice-Hall Corporation System, Inc. The registered office of the Partnership shall be 32 Loockerman Square, Suite L-100, Dover, Kent County, Delaware 19901. The General Partner may from time to time designate another registered agent or another location for the registered office or principal place of business of the Partnership upon notice to the other Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

ARTICLE 4  
PURPOSE

4.1 Purpose. The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; provided, however, that such business shall be limited to and conducted in such a manner as to permit the General Partner at all times to be classified as a REIT for federal income tax purposes, unless the General Partner has determined to cease to qualify as a REIT, (ii) to enter into any partnership, joint venture or other similar arrangements to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting the General Partner's right in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that the General Partner's status as a REIT inures to the benefit of all of the Partners and not solely the General Partner.

4.2 Powers. The Partnership is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership; provided, that the Partnership shall not take, or shall refrain from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the General Partner to continue to qualify as a REIT, (ii) could subject the General Partner to any additional taxes under Section 857 or Section 4981 of the Code or any successor or newly enacted provisions of the Code imposing other additional taxes or penalties on the General Partner, or (iii) could violate any law or regulation of any

-11-

governmental body or agency having jurisdiction over the General Partner or its securities, unless any such action (or inaction) under (i), (ii) or (iii) shall have been specifically consented to by the General Partner in writing.

ARTICLE 5  
TERM AND FISCAL YEAR

5.1 Term. The term of the Partnership commenced on May 31, 1994, the date the Certificate was filed in the appropriate offices in the State of Delaware, and shall continue until terminated pursuant to the provisions of Article 14 of this Agreement.

5.2 Fiscal Year. The first fiscal year of the Partnership shall terminate on December 31, 1994, and succeeding fiscal years shall terminate on December 31 of each year thereafter, or such other date as the Partnership shall terminate as herein provided.

ARTICLE 6  
CAPITAL CONTRIBUTIONS, ADDITIONAL FUNDING AND CAPITAL ACCOUNTS

6.1 Capital Contributions of the General Partner. Upon Completion of the Offering, the General Partner shall contribute the proceeds of the Offering to the Partnership, which proceeds will be net of the underwriter's discount and other expenses. Notwithstanding the exact amount of such net proceeds which are contributed to the Partnership, the General Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of the Offering and the Partnership shall be deemed simultaneously to have reimbursed the General Partner pursuant to Section 9.8(c) hereof for the amount

of any such underwriter's discount or other expenses paid out of the gross proceeds of the Offering. Notwithstanding the immediately preceding sentence, the General Partner shall have the right, in its sole and absolute discretion, to treat the contribution to the Partnership by the General Partner of any proceeds from the Offering in a manner other than that described in the immediately preceding sentence if, upon the advice of counsel to the General Partner and/or the Partnership, such alternative treatment will provide a more favorable federal and/or state tax consequence to the General Partner and/or the Partnership. The General Partner shall initially be issued and thereafter shall own Partnership Units in the amount set forth opposite its name on Exhibit A, which number of Partnership Units shall be adjusted on such Exhibit A from time to time by the General Partner to the extent necessary to reflect accurately issuances, exchanges, redemptions, Capital Contributions, or similar events having an effect on a Partner's Partnership Units. The Partners hereby acknowledge and agree that the aggregate initial number of Partnership Units to be issued to the General Partner shall be exactly equal to the number of shares of Common Stock issued and outstanding immediately after the Completion of the Offering. Upon any subsequent sales of shares of Common Stock pursuant to the exercise of the over-allotment option in connection with the Offering, the General Partner shall, subject to and in accordance with the terms and conditions of this Section 6.1, contribute the proceeds of such subsequent sale to the Partnership,

-12-

and shall be issued additional Partnership Units in an amount exactly equal to the number of shares of Common Stock subsequently sold in connection with the Offering.

6.2 Capital Contributions of the Limited Partners. Concurrent with the execution of this Agreement, each Limited Partner, pursuant to one or more Partnership Interests Exchange Agreements, shall contribute to the Partnership, directly or indirectly, as its initial Capital Contribution, all of such Limited Partner's right, title and interest in and to the Property Partnerships. Each Limited Partner shall initially be issued and thereafter shall own Partnership Units in the amount set forth opposite such Limited Partner's name on Exhibit A, which number of Partnership Units on such Exhibit A shall be adjusted from time to time by the General Partner to the extent necessary to reflect accurately exchanges, redemptions, Capital Contributions, or similar events having an effect on such Partner's Partnership Units. The Partnership Units issued to each Limited Partner shall be evidenced by the issuance of a certificate (the "Unit Certificate") in substantially the form of Exhibit B attached hereto, which Unit Certificate shall bear the following legend:

"THE 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 PROVISIONS OF THE SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP DATED AS OF DECEMBER 11, 1997 (A COPY OF WHICH IS ON FILE WITH THE PARTNERSHIP). EXCEPT AS OTHERWISE PROVIDED IN SUCH AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE 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 THE PARTNERSHIP 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."

On the date of admission of one or more Limited Partners to the Partnership, the Organizational Limited Partner shall be entitled to a return of his Capital Contribution, and shall be deemed to have withdrawn from the Partnership.

6.3 General Partner Option to Contribute Additional Capital. If the Partnership requires funds at any time or from time to time in excess of funds available to the Partnership through borrowings and prior or additional Capital Contributions, the General Partner may, but shall not be required to, borrow such funds from a financial institution or other lender or through public debt offerings and lend such funds to the Partnership on the same terms and conditions as

-13-

are applicable to the General Partner. If, notwithstanding the foregoing, the Partnership requires funds for any proper Partnership purpose in excess of any other funds anticipated by the General Partner to be available to the Partnership (including through borrowings and prior Capital Contributions), or if the General Partner concludes that borrowings are inappropriate, the General Partner may, but shall not be required to, raise such additional funds pursuant to the issuance of shares of its Common Stock (any such issuance which is made for the purpose of providing additional funds to the Partnership shall be referred to herein as an "Additional Issuance"). In the event any such

Additional Issuance is consummated, then (i) the General Partner shall contribute the net amount of cash raised pursuant to such Additional Issuance to the capital of the Partnership and (ii) the Partnership shall issue additional Partnership Units ("Additional Partnership Units") to the General Partner, on the date upon which such funds are contributed to the Partnership, in an amount equal to that number of Partnership Units which, if such Additional Partnership Units were redeemed as of their date of issuance by the General Partner for shares of Common Stock pursuant to Section 10.3 hereof, would result in the General Partner receiving that number of shares of Common Stock equal to the number of shares of Common Stock that were issued pursuant to such Additional Issuance. Notwithstanding anything contained herein to the contrary, if the proceeds actually received and thereafter contributed to the Partnership by the General Partner pursuant to any Additional Issuance as described in this Section 6.3 are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the General Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have reimbursed the General Partner pursuant to Section 9.8(c) hereof for the amount of such underwriter's discount or other expenses. In addition, in the event that the General Partner shall issue shares of Common Stock (and/or pay cash out of the net proceeds of any Additional Issuance) in connection with any subsequent merger, consolidation or other acquisition, the General Partner may contribute the shares of stock, assets and/or other consideration received by the General Partner in connection therewith to the capital of the Partnership in exchange for Additional Partnership Units in an amount equal to that number of Partnership Units which, if such Additional Partnership Units were redeemed as of their date of issuance by the General Partner for shares of Common Stock pursuant to Section 10.3 hereof, would result in the General Partner receiving that number of shares of Common Stock equal to the number of shares of Common Stock that were issued in connection with such merger, consolidation or other acquisition and/or such Additional Issuance. Notwithstanding the foregoing sentence, the General Partner shall have the right, in its sole discretion, to treat a contribution to the capital of the Partnership in a manner other than as described above if, upon the advice of counsel to the General Partner and/or the Partnership, such alternative treatment will provide a more favorable federal and/or state tax consequence to the General Partner and/or the Partnership.

#### 6.4 General Partner Option to Issue Additional Partnership Units to Limited Partners.

(a) Issuance of Additional Partnership Units. At any time after the date hereof without the consent of any Partner, but subject to the provisions of Section 13.1 hereof, the General Partner may, upon its determination, which shall be made in its sole and absolute discretion, that the issuance of Additional Partnership Units to new or existing limited partners is in the

-14-

best commercial interests of the Partnership, cause the Partnership to issue Additional Partnership Units to and admit as a limited partner in the Partnership, any Person (an "Additional Limited Partner" herein) in exchange for the contribution by such Person of cash and/or property desirable to further the purposes of the Partnership under Article 4 hereof. In the event that Additional Partnership Units are issued by the Partnership pursuant to this Section 6.4, the amount of such Partnership Units issued to each Additional Limited Partner shall, unless otherwise determined by the General Partner in the exercise of its sole discretion but subject to its fiduciary duty to all Limited Partners (i) be fixed by agreement between the General Partner and such Additional Limited Partner in the General Partner's sole discretion or (ii) be equal to that number of Partnership Units which, if such Additional Partnership Units were redeemed as of their date of issuance by such Additional Limited Partner pursuant to Section 10.3 hereof, would result in such Additional Limited Partner receiving that number of shares of Common Stock equal to (x) the Agreed Value of any property (as determined by the General Partner, in its sole and absolute discretion), plus the amount of any cash contributed by the Additional Limited Partner, as of the date of contribution to the Partnership divided by (y) the Current Per Share Market Price (computed as of the Trading Day immediately preceding the date of contribution to the Partnership or such other date or average of Trading Days as the General Partner may agree with such Additional Limited Partner in the exercise of its sole discretion). In addition, the General Partner is hereby authorized to cause the Partnership from time to time to issue to the Partners (including the General Partner) or other Persons additional Partnership Units or such other Partnership Interests in one or more classes, or one or more series of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties which may be senior, *pari passu* or junior to OP Units, all as shall be determined by the General Partner in its sole and absolute discretion subject to Delaware law, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; and (iii) the rights of each such class or series of

Partnership Interests upon dissolution and liquidation of the Partnership; provided that no such additional Partnership Units or other Partnership Interests shall be issued to the General Partner unless either (A) (1) the additional Partnership Interests are issued in connection with the issuance of shares of Common Stock or other shares by the General Partner, which shares have designations, preferences and other rights such that the economic interests attributed to such shares are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner in accordance with this Section 6.4, and (2) the General Partner shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of the General Partner, or (B) the additional Partnership Units are issued to all the Partners in proportion to their respective Percentage Interests. Any Additional Limited Partner shall be issued a Unit Certificate representing the amount of Partnership Units issued to such Additional Limited Partner and, in the event the General Partner issues Partnership Units other than OP Units, indicating the class, terms, preferences and other restrictions or rights of such Partnership Unit. The General Partner shall be authorized on behalf of each of the Partners to amend this Agreement to reflect the issuance of Additional Partnership Units (including, without limitation, the issuance of new classes of Partnership Units) and/or the admission of any Additional Limited Partner(s) in accordance with the provisions of this Section 6.4, and the General Partner shall

-15-

promptly deliver a copy of such amendment (which, in the event that new classes of Partnership Units are issued, shall contain the terms of such new classes of Partnership Units) to each Limited Partner. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the interest of the General Partner and the Partnership (for example, and not by way of limitation, the issuance of Partnership Units pursuant to an employee purchase plan providing for employee purchases of Partnership Units at a discount from fair market value or employee options that have an exercise price that is less than the fair market value of the Partnership Units, either at the time of issuance or at the time of exercise).

(b) Additional Partnership Units and Percentage Interest Adjustments.

In the event that the General Partner issues additional Partnership Units (including additional classes of Partnership Units, but excluding OP Units issued upon the redemption of Preferred Units) the General Partner shall allocate to such additional Partnership Units a Percentage Interest in the Partnership equal to a fraction, the numerator of which is equal to the amount of cash, if any, plus the Agreed Value of the property, if any, contributed with respect to such additional Partnership Units and the denominator of which is equal to the fair market value (as determined by the General Partner as of the date of such contribution taking into account such contribution) of all the Partnership Units for all outstanding classes of Partnership Units (including such additional Partnership Units). To the extent that any such issuance of additional Partnership Units results in an overall decrease (the "Percentage Decrease") in the aggregate Percentage Interests in the Partnership represented by all of the Partnership Units that were outstanding before the issuance of the additional Partnership Units, the Percentage Decrease shall be allocated among the classes of Partnership Units outstanding prior to the issuance of the additional Partnership Units in accordance with such classes' respective Percentage Interests in the Partnership as determined prior to the issuance of the additional Partnership Units. Similarly, to the extent that a redemption by the General Partner of any Partnership Units for cash results in an overall increase (the "Percentage Increase") in the aggregate Percentage Interests in the Partnership represented by the remaining Partnership Units outstanding after the redemption (the "Remaining Units"), the Percentage Increase shall be allocated among the classes of Remaining Units by multiplying the Percentage Increase by a fraction equal to the aggregate pre-redemption Percentage Interests of all Remaining Units of that particular class divided by the aggregate pre-redemption Percentage Interests of all Remaining Units of all classes. Upon the redemption of any Preferred Units for OP Units, the aggregate Percentage Interest allocated to that class of Preferred Units shall be reduced by the total Percentage Interests attributable to the redeemed Preferred Units (the "Preferred Redemption Percentage"), and the aggregate Percentage Interest allocated to the OP Units shall be increased by that Preferred Redemption Percentage. Effective as of the date hereof, the General Partner has created three classes of Units: OP Units, Series A Preferred Units and Series B Preferred Units. The Percentage Interests allocated to each class of Partnership Units are set forth in Exhibit E, attached hereto, which Exhibit may be amended from time to time by the General Partner to reflect the issuance of additional Partnership Units or the redemption of any outstanding Partnership Units, and the respective Percentage Interests in the Partnership allocated to each class of Partnership Units.

-16-

(c) Adjustments to Partnership Units. If the Common Stock (or any

other class of stock of the General Partner for which a class of Partnership Units may be redeemed) undergoes any split or reverse split, then without further action or consent by the General Partner or any Limited Partner, each corresponding class of Partnership Units that is redeemable for such stock shall be split or combined in accordance with the same ratio used to split or combine the stock. For example, if the Common Stock undergoes a reverse 2 for 1 split (i.e., every two shares of old Common Stock are converted into one share of new Common Stock) then the corresponding class of Partnership Units that are redeemable for such Common Stock shall undergo a similar reverse split (i.e., every two old OP Units shall be converted into one new OP Unit). Similarly, if any class of Partnership Units into which another class of Partnership Units is convertible undergoes any split or reverse split, then without further action or consent by the General Partner or any Limited Partner, the latter class of Partnership Units shall be split or combined in accordance with the same ratio used to split or combine the first class of Partnership Units.

(d) Fractional Units. The General Partner shall have the right to issue fractional Partnership Units upon the conversion or exchange of one class of Partnership Units for a second class of Partnership Units; provided, however, that in accordance with Section 10.3(e) hereof no fractional shares of Common Stock of the General Partner shall be issued upon the redemption of any class of Partnership Units for Common Stock.

(e) Issuance of New Securities. After the date hereof, the General Partner shall not issue any additional shares of Common Stock (other than shares of Common Stock issued pursuant to Section 10.3 hereof), or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock (collectively, "New Securities"), other than to all holders of shares of Common Stock, unless (i) the General Partner shall cause the Partnership to issue to the General Partner Partnership Interests or rights, options, warrants or convertible or exchangeable securities of the Partnership having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the New Securities, and (ii) the General Partner contributes to the Partnership the proceeds from the issuance of such New Securities and from the exercise of rights contained in such New Securities. Without limiting the foregoing, the General Partner is expressly authorized to issue New Securities for less than fair market value, and the General Partner is expressly authorized to cause the Partnership to issue to the General Partner corresponding Partnership Interests, so long as (x) the General Partner concludes in good faith that such issuance is in the interest of the General Partner and the Partnership (for example, and not by way of limitation, the issuance of shares of Common Stock and corresponding Units pursuant to an employee stock purchase plan providing for employee purchases of shares of Common Stock at a discount from fair market value or employee stock options that have an exercise price that is less than the fair market value of the shares of Common Stock, either at the time of issuance or at the time of exercise), and (y) the General Partner contributes all proceeds from such issuance and exercise to the Partnership.

6.5 Capital Accounts. A separate capital account (a "Capital Account") shall be maintained for each Partner in accordance with the Code and the Regulations promulgated thereunder including, but not limited to, the rules regarding the maintenance of partners' Capital

-17-

Accounts set forth in Regulation Section 1.704-1. Subject to the immediately preceding sentence, there shall be credited to each Partner's Capital Account: (i) the amount of money contributed by the Partner to the Partnership (subject, however, in the case of Additional Issuances of Common Stock, to the specific provisions of Section 6.3 hereof regarding the amount of the Capital Contribution by the General Partner under such circumstances), (ii) the Gross Asset Value of any property contributed by the Partner to the Partnership, (iii) the amount of any Partnership liabilities assumed by such Partner or which are secured by any property distributed to such Partner and (iv) the Partner's share of income or gain (or items thereof), including income and gain exempt from tax. There shall be charged against each Partner's Capital Account: (w) the amount of money distributed to the Partner by the Partnership, (x) the Gross Asset Value of any property distributed to the Partner by the Partnership, (y) the amount of any liabilities of such Partner assumed by the Partnership or which are secured by any property contributed by such Partner to the Partnership and (z) the Partner's share of loss and deduction (or items thereof). To the extent a Partner's Capital Account is greater than zero, such excess is hereinafter referred to as a "positive balance". To the extent a Partner's Capital Account is less than zero, said amount is hereinafter referred to as a "deficit balance".

6.6 Limited Liability. Notwithstanding anything in this Agreement to the contrary, the personal liability of a Limited Partner arising out of or in any manner relating to the Partnership shall be limited to and shall not exceed such Limited Partner's Capital Contribution made or required to be made pursuant to this Agreement. No Limited Partner shall have any personal liability for liabilities or obligations of the Partnership, except to the extent of its Capital Contribution, as aforesaid.

6.7 Return of Capital. Except as otherwise provided herein, (i) no Partner shall be required to make any further or additional contributions to the capital of the Partnership or to lend or advance funds to the Partnership for any purpose and (ii) no Partner shall be entitled to the return of its capital, except to the extent, if any, that distributions are made or deemed to be made to such Partner otherwise than out of Profits pursuant to this Agreement.

6.8 No Interest on Capital Contributions. No interest or additional share of Profits shall be paid or credited to the Partners on their Capital Accounts, or on any undistributed Profits or funds left on deposit with the Partnership; provided, however, that nothing contained herein shall be construed to prevent or prohibit the payment of interest on account of loans made by the Partners to the Partnership. Any loans made to the Partnership by a Partner shall not increase its Capital Contribution or interest in the Profits, Losses or Net Cash Flow of the Partnership, but shall be a debt due from the Partnership and repaid accordingly.

6.9 No Third Party Beneficiary. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed among the parties hereto that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an

-18-

asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners.

6.10 Common Stock Option Plans. The Partners hereby acknowledge that prior to the Offering the General Partner has adopted, and the Partners hereby acknowledge and agree that from and after the Offering the General Partner may adopt, without the consent of any Limited Partner, one or more stock option or incentive plans ("Stock Plans") pursuant to which officers, directors, trustees and/or employees of the General Partner, the Partnership or any Affiliate of either of them may acquire shares of Common Stock. On each date on which the General Partner issues any shares of Common Stock to a person pursuant to a Stock Plan (i) the consideration paid for each such share of Common Stock shall, as soon as received by the General Partner, be contributed to the capital of the Partnership and (ii) the General Partner shall be issued Partnership Units in an amount equal to that number of Partnership Units which, if such Partnership Units were redeemed as of their date of issuance by the General Partner for shares of Common Stock pursuant to Section 10.3 hereof, would result in the General Partner receiving that number of shares of Common Stock which are being issued to any such person pursuant to the Stock Plan. For purposes of this Section 6.10 only, shares of Common Stock issued subject to forfeiture or other similar restrictions shall be deemed issued upon the lapse of such restrictions. Notwithstanding anything herein to the contrary, the mere grant of options to purchase shares of Common Stock pursuant to any Stock Plan shall not constitute the grant or issuance of shares of Common Stock for purposes of this Section 6.10.

#### ARTICLE 7 ALLOCATION OF PROFITS AND LOSSES

7.1 General Allocation of Profits and Losses. Except as otherwise provided in this Article 7, after giving effect to any and all special allocations set forth in Sections 7.3 and 7.4 below, all Profits and Losses of the Partnership (including all items of income and expense entering into the determination of such Profits and Losses), as finally determined by the Accountants for Federal income tax purposes for each fiscal year of the Partnership, shall be allocated to and among the Partners in accordance with their respective Percentage Interests.

7.2 Allocations with Respect to Transferred Interests. Unless otherwise required by the Code and/or the Regulations as determined by the General Partner, in its sole and absolute discretion, any Profits or Losses allocable to an additional Partnership Interest issued during any year or any fiscal quarter or to a Partnership Interest which has been transferred during any year shall be allocated among the Persons who were holders of such Partnership Interest during such year in the manner described in Section 13.3(c) below.

7.3 Deficit Restoration Obligation. In the event that any Limited Partner hereto enters into a "deficit restoration obligation" to the Partnership pursuant to this Section 7.3, and such Limited Partner has a deficit balance in its Capital Account following the liquidation of its



interest in the Partnership, as determined after taking into account all Capital Account adjustments for the Partnership's taxable year during which the liquidation occurs, such Limited Partner shall be unconditionally obligated to restore the amount of such deficit balance to the Partnership by the later of (i) the end of such taxable year, or (ii) 90 days after the date of the liquidation of the Limited Partner's interest in the Partnership, which amount shall, upon liquidation of the Partnership, be paid to creditors of the Partnership or distributed to other Partners in accordance with their positive Capital Account balances. For purposes hereof, a "deficit restoration obligation" shall mean an unconditional agreement by a Limited Partner to restore a deficit balance in its Capital Account (which may be limited in amount) in the form thereof used by the Partnership. Any Limited Partner may, but is not obligated to, enter into such an agreement at any time during the term hereof but not more often than annually.

#### 7.4 Regulatory Allocations.

(a) Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement (except as provided in Section 7.3(b) below), if there is a net decrease in Minimum Gain for a Partnership taxable year, each Partner shall be allocated, before any other allocation of Partnership items for such taxable year, items of gross income and gain for such year (and, if necessary, for subsequent years) in proportion to, and to the extent of, the amount of such Partner's share of the net decrease in Minimum Gain during such year. The income allocated pursuant to this Section 7.3(a) in any taxable year shall consist first of gains recognized from the disposition of property subject to one or more nonrecourse liabilities of the Partnership, and any remainder shall consist of a pro rata portion of other items of income or gain of the Partnership.

(b) Exceptions to Section 7.3(a). The allocation otherwise required pursuant to Section 7.3(a) shall not apply to a Partner to the extent that: (a) such Partner's share of the net decrease in Minimum Gain is caused by a guarantee, refinancing or other change in the instrument evidencing a nonrecourse debt of the Partnership which causes such debt to become a partially or wholly recourse debt or a Partner Nonrecourse Debt, and such Partner bears the economic risk of loss (within the meaning of Treasury Regulation Section 1.752-2) for such changed debt; (b) such Partner's share of the net decrease in Minimum Gain results from the repayment of a nonrecourse liability of the Partnership, which repayment is made using funds contributed by such Partner to the capital of the Partnership; (iii) the IRS, pursuant to Treasury Regulation Section 1.704-2(f)(4), waives the requirement of such allocation in response to a request for such waiver made by the General Partner on behalf of the Partnership (which request the General Partner may or may not make, in its sole discretion, if it determines that the Partnership would be eligible therefor); or (iv) additional exceptions to the requirement of such allocation are established by revenue rulings issued by the IRS pursuant to Treasury Regulation Section 1.704-2(f)(5), which exceptions apply to such Partner, as determined by the General Partner in its sole discretion.

(c) Qualified Income Offset. Notwithstanding any other provision of this Agreement, if a Partner unexpectedly receives an adjustment, allocation or distribution

described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) that causes or increases an Excess Deficit Capital Account Balance with respect to such Partner, items of Partnership gross income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate such Excess Deficit Capital Account Balance as quickly as possible.

(d) Gross Income Allocation. If at the end of any Partnership taxable year, a Partner has an Excess Deficit Capital Account Balance, such Partner shall be specially allocated items of Partnership income or gain in an amount and manner sufficient to eliminate such Excess Deficit Capital Account Balance as quickly as possible, until all Excess Deficit Capital Account Balances have been eliminated. To the extent that any class of Partnership Units that are convertible into OP Units has received distributions at the end of any Partnership taxable year (including any prior taxable year) in excess of the amounts such class of Partnership Units would have received during such taxable year or years if all of the Partnership Units of such class had been converted into OP Units (such excess being referred to hereinafter as "Excess Amounts"), such items of gross income or gain shall then be allocated proportionately to and among the holders of such class Partnership Units until such holders have been allocated an amount equal to all Excess Amounts.

(e) Partner Nonrecourse Debt. Notwithstanding any other provision of this Agreement, any item of Partnership Loss, deduction or expenditures described in Code Section 705(a)(2)(B) that is attributable to a Partner Nonrecourse Debt shall be allocated to those Partners that bear the economic risk of loss for such Partner Nonrecourse Debt, and among such Partners in accordance with the ratios in which they share such economic risk, determined in accordance with Treasury Regulation Section 1.704-2(i). If there is a net decrease for a Partnership taxable year in any Partner Nonrecourse Debt Minimum Gain of the Partnership, each Partner with a share of such Partner Nonrecourse Debt Minimum Gain as of the beginning of such year shall be allocated items of gross income and gain in the manner and to the extent provided in Treasury Regulation Section 1.704-2(i)(4).

(f) Interpretation. The foregoing provisions of this Section 7.3 are intended to comply with Treasury Regulation Sections 1.704-1(b) and 1.704-2 and shall be interpreted consistently with this intention. Any terms used in such provisions that are not specifically defined in this Agreement shall have the meaning, if any, given such terms in the Regulations cited above.

(g) Curative Allocations. If any allocation of gain, income, loss, expense or any other item is made pursuant to Section 7.3(a), 7.3(c), 7.3(d) or 7.3(e) of this Agreement (the "Regulatory Allocations") with respect to one or more Partners (the "Deficit Partners"), then the balance of such items for the current and all subsequent fiscal years shall be allocated among the Partners other than the Deficit Partners as if such items were allocated among all the Partners (including the Deficit Partners) without regard to this Section 7.3, until the amount of such items that would have been allocated to the

-21-

Deficit Partners but for the Regulatory Allocations equal the amount allocated to the Deficit Partners pursuant to the Regulatory Allocations.

7.5 Special Allocations with Respect to Contributed or Revalued Property. Notwithstanding anything contained herein to the contrary, taxable income, gain, loss and deduction with respect to any Partnership property that is contributed to the Partnership by a Partner shall be shared among the Partners for income tax purposes pursuant to Regulations promulgated under Section 704(c) of the Code, so as to take into account the variation, if any, between the basis of the property to the Partnership and its initial Gross Asset Value. With respect to Partnership property that is initially contributed to the Partnership upon its formation, such variation between basis and initial Gross Asset Value shall be taken into account under the "traditional method" as described in Treasury Regulation Section 1.704-3(b), unless otherwise determined by the General Partner and the contributing Partner. With respect to properties subsequently contributed to the Partnership, the Partnership shall account for such variation under any method approved under Section 704(c) of the Code and the applicable regulations as chosen by the General Partner. In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subparagraph (b) of the definition of Gross Asset Value (as provided in Article 1 of this Agreement), subsequent allocations of tax items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Section 704(c) of the Code and the applicable regulations.

7.6 Allocations with Respect to Partnership Units other than OP Units. In the event the General Partner issues additional classes of Partnership Units other than OP Units and the Series A and Series B Preferred Units to Limited Partners, then the General Partner shall determine, in its sole discretion, the Profits and Losses attributable to each class (subject to the requirement that the Profits attributed to any class must bear a reasonable relationship to the amount of cash distributions to that class) and shall allocate to Profits and Losses of each class of Partnership Units among the Partners in such class in proportion to their respective Percentage Interests in such class, after giving effect to any and all special allocations set forth in Sections 7.3 and 7.4 above.

## ARTICLE 8 DISTRIBUTIONS

8.1 Distribution of Net Cash Flow. Net Cash Flow of the Partnership, if any, shall be distributed to and among the Partners as follows:

(a) If such Net Cash Flow has not arisen pursuant to a Liquidation of the Partnership, such Net Cash Flow shall be distributed (i) first, to holders of any class of Preferred Units in an amount equal to all preferential distributions on such Preferred Units as set forth in the Unit Certificate for such class, and (ii) thereafter, to the extent of the remaining amount, to and among the other Partners in accordance with their respective Percentage Interests; or

(b) If such Net Cash Flow has arisen pursuant to a Liquidation of the Partnership, such Net Cash Flow shall be distributed to and among the Partners having positive balances in their Capital Accounts (after any and all allocations of Profits and Losses and prior distributions are reflected in such Capital Accounts), in proportion to and to the extent of such positive balances.

Net Cash Flow shall be distributed to the Partners in such amounts and at such intervals as the General Partner, in its sole discretion, may determine, but no less frequently than quarterly. With respect to each and every distribution of Net Cash Flow to the Partners hereunder, the General Partner shall distribute such Net Cash Flow only to those Partners who are Partners on the Partnership Record Date and whose Partnership Units were outstanding during the period to which such distribution relates and, with respect to those Partners who were issued additional Partnership Units during such period, the General Partner shall distribute Net Cash Flow (i) on a pro-rated basis based upon the number of days during such period that such Partners held such additional Partnership Units or (ii) on such other reasonable basis as determined by the General Partner in its sole discretion; provided, however, in no event may a Partner receive a distribution of Net Cash Flow with respect to any particular Partnership Unit if such Partner is entitled to receive a distribution out of such Net Cash Flow with respect to one or more shares of Common Stock for which such Partnership Unit has been redeemed. Notwithstanding the foregoing, the General Partner shall take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with its qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the General Partner to pay stockholder dividends that will (i) satisfy the REIT Requirements and (ii) avoid any federal income or excise tax liability of the General Partner.

8.2 Distributions in Kind. No right is given to any Partner to demand and receive property or cash. The General Partner may determine, in its sole and absolute discretion, to make a distribution in kind to the Partners of Partnership assets, and such assets shall be distributed in such a fashion as to ensure that the fair market value of such assets is distributed and allocated in accordance with Section 8.1 hereof.

8.3 Withholding. Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of federal, state, local or foreign taxes that the General Partner determines or reasonably believes that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Code Sections 1441, 1442, 1445 or 1446. Any and all amounts withheld pursuant to this Section 8.3 with respect to any allocation, payment or distribution to any Partner hereunder shall be treated as amounts distributed to such Partner pursuant to Section 8.1 hereof for all purposes under this Agreement. If any amount is withheld by the Partnership pursuant to this Section 8.3 with respect to a particular Partner and such amount would not have been distributed to such Partner pursuant to Section 8.1 hereof at any time on or before the date it is withheld, then such Partner shall contribute to the capital of the Partnership an amount equal to the amount so withheld as soon as practicable after the delivery by the General Partner to such Partner of a notice requesting such contribution to the

Partnership. The General Partner, on behalf of the Partnership, shall have the right to offset any obligation of a Partner to contribute additional funds to the Partnership pursuant to the immediately preceding sentence of this Section 8.3 against any future distributions due to such Partner under Section 8.1 hereof.

8.4 Distributions with Respect to Partnership Units other than OP Units. Notwithstanding the foregoing provisions of this Article 8, in the event the General Partner issues additional classes of Partnership Units other than OP Units or Series A and Series B Preferred Units to Limited Partners, then the General Partner shall determine, in its sole discretion (subject to Section 7.6), the amount of distributions of Net Cash Flow attributable to each class and shall distribute such Net Cash Flow to each class of Partnership Units among the Partners in such class in proportion to their respective Percentage Interests in such class or otherwise required pursuant to the terms of such Partner's Unit Certificates.

ARTICLE 9  
MANAGEMENT

9.1 Management of Partnership Affairs. Except as otherwise specifically provided in this Agreement, the General Partner shall have full, exclusive and

complete responsibility and discretion in the management and control of the business and affairs of the Partnership and shall make all decisions affecting the Partnership's business and affairs. Subject to the foregoing, the General Partner shall have all the rights, powers and obligations of a general partner as provided in the Act, and, except as otherwise provided, any action taken by the General Partner (in its capacity as such) shall constitute the act of and serve to legally bind the Partnership. Persons dealing with the Partnership shall be entitled to rely conclusively on the power and authority of the General Partner as set forth in this Agreement.

9.2 Powers and Authorities of the General Partner. Except as otherwise specifically provided in this Agreement, and subject to Section 9.3 hereof, the General Partner is hereby granted the right, power and authority to do on behalf of the Partnership all things which, in its best business judgment, are necessary, proper or desirable to carry out its duties and responsibilities, including but not limited to, the right, power and authority:

(a) To manage, control, invest, reinvest, acquire by purchase, lease or otherwise, develop, expand, sell, contract to purchase or sell, grant, obtain or exercise options to purchase, options to sell or conversion rights, assign, transfer, convey, deliver, endorse, exchange, pledge, mortgage, abandon, improve, repair, maintain, insure, lease for any term and otherwise deal with any and all property of whatsoever kind and nature, and wheresoever situated, in furtherance of the purposes of the Partnership;

(b) To acquire, directly or indirectly, interests in real estate of any kind and of any type, and any and all kinds of interests therein, and to determine the manner in which title thereto is to be held; to manage, insure against loss, protect and subdivide any of the real estate, interests therein or parts thereof; to improve, develop or redevelop and expand

-24-

any such real estate; to participate in the ownership and development of any property; to dedicate for public use, to vacate any subdivisions or parts thereof, to resubdivide, to contract to sell, to grant options to purchase or lease, to sell on any terms; to convey, to mortgage, pledge or otherwise encumber said property, or any part thereof; to lease said property or any part thereof from time to time, upon any terms and for any period of time, and to renew or extend leases, to amend, change or modify the terms and provisions of any leases and to grant options to lease and options to renew leases and options to purchase; to partition or to exchange said real property, or any part thereof, for other real or personal property; to grant easements or charges of any kind; to release, convey or assign any right, title or interest in or about or easement appurtenant to said property or any part thereof; to construct and reconstruct, remodel, alter, repair, add to or take from buildings on said premises; to insure any Person having an interest in or responsibility for the care, management or repair of such property; to direct the trustee of any land trust to mortgage, lease, convey or contract to convey the real estate held in such land trust or to execute and deliver deeds, mortgages, notes, and any and all documents pertaining to the property subject to such land trust or in any matter regarding such trust; to execute assignments of all or any part of the beneficial interest in such land trust;

(c) To employ, engage or contract with or dismiss from employment or engagement Persons to the extent deemed necessary by the General Partner for the operation and management of the Partnership business, including but not limited to, contractors, subcontractors, engineers, architects, surveyors, mechanics, consultants, accountants, attorneys, insurance brokers, real estate brokers and others;

(d) To enter into contracts on behalf of the Partnership;

(e) To borrow money, procure loans and advances from any Person for Partnership purposes, and to apply for and secure, from any Person, credit or accommodations; to contract liabilities and obligations, direct or contingent and of every kind and nature with or without security; and to repay, discharge, settle, adjust, compromise or liquidate any such loan, advance, credit, obligation or liability;

(f) To pledge, hypothecate, mortgage, assign, deposit, deliver, enter into sale and leaseback arrangements or otherwise give as security or as additional or substitute security, or for sale or other disposition any and all Partnership property, tangible or intangible, including, but not limited to, real estate and beneficial interests in land trusts, and to make substitutions thereof, and to receive any proceeds thereof upon the release or surrender thereof; to sign, execute and deliver any and all assignments, deeds and other contracts and instruments in writing; to authorize, give, make, procure, accept and receive moneys, payments, property, notices, demands, vouchers, receipts, releases, compromises and adjustments; to waive notices, demands, protests and authorize and execute

waivers of every kind and nature; to enter into, make, execute, deliver and receive written agreements, undertakings and instruments of every kind and nature; to give oral instructions and make oral agreements; and generally to do any and all other acts and

-25-

things incidental to any of the foregoing or with reference to any dealings or transactions which any attorney may deem necessary, proper or advisable;

(g) To acquire and enter into any contract of insurance which the General Partner deems necessary or appropriate for the protection of the Partnership, for the conservation of the Partnership's assets or for any purpose convenient or beneficial to the Partnership;

(h) To conduct any and all banking transactions on behalf of the Partnership; to adjust and settle checking, savings, and other accounts with such institutions as the General Partner shall deem appropriate; to draw, sign, execute, accept, endorse, guarantee, deliver, receive and pay any checks, drafts, bills of exchange, acceptances, notes, obligations, undertakings and other instruments for or relating to the payment of money in, into, or from any account in the Partnership's name; to execute, procure, consent to and authorize extensions and renewals of the same; to make deposits and withdraw the same and to negotiate or discount commercial paper, acceptances, negotiable instruments, bills of exchange and dollar drafts;

(i) To demand, sue for, receive, and otherwise take steps to collect or recover all debts, rents, proceeds, interests, dividends, goods, chattels, income from property, damages and all other property, to which the Partnership may be entitled or which are or may become due to the Partnership from any Person; to commence, prosecute or enforce, or to defend answer or oppose, contest and abandon all legal proceedings in which the Partnership is or may hereafter be interested; and to settle, compromise or submit to arbitration any accounts, debts, claims, disputes and matters which may arise between the Partnership and any other Person and to grant an extension of time for the payment or satisfaction thereof on any terms, with or without security;

(j) To make arrangements for financing, including the taking of all action deemed necessary or appropriate by the General Partner to cause any approved loans to be closed;

(k) To take all reasonable measures necessary to insure compliance by the Partnership with applicable arrangements, and other contractual obligations and arrangements entered into by the Partnership from time to time including periodic reports as required to lenders and using all due diligence to insure that the Partnership is in compliance with its contractual obligations;

(l) To maintain the Partnership's books and records; and

(m) To prepare and deliver, or cause to be prepared and delivered by the Partnership's Accountants, all financial and other reports with respect to the operations of the Partnership, and preparation and filing of all Federal and state tax returns and reports.

-26-

Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that Partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

### 9.3 Major Decisions.

The General Partner shall not, without the prior consent of holders of at least eighty-five percent (85%) of the Partnership Units taken as a single class, on behalf of the Partnership, undertake any of all following actions:

(a) Cause or permit the merger of the Partnership into any Person pursuant to a transaction in which the Partnership is not the surviving entity, or take any other action which may have the effect of the foregoing;

(b) Dissolve, liquidate or wind-up the Partnership; or

(c) Convey or otherwise transfer all or substantially all of the

Partnership's assets in one or a series of transactions.

#### 9.4 Restrictions on General Partner's Authority.

(a) The General Partner may not take any action in contravention of this Agreement, including, without limitation:

(i) Take any action that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement;

(ii) Admit a Person as a Partner, except as otherwise provided in this Agreement;

(iii) Perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act; or

(iv) Enter into any contract, mortgage, loan or other agreement that prohibits or restricts, or has the effect of prohibiting or restricting, the ability of a Limited Partner to exercise its Redemption Rights in full, except with the written consent of such Limited Partner.

(b) The General Partner may not, without the consent of all of the Limited Partners, change its policy of holding its assets and conducting its business solely through the Partnership, nor may any transactions described in Section 12.6(a) or 12.6(b), without the

-27-

consent of all the Limited Partners, be structured in a manner which will change the General Partner's policy of holding its assets and conducting its business through the Partnership (or the Surviving Partnership, if applicable) if the result of such transaction is the recognition of gain by the Limited Partners.

9.5 Engagements by the Partnership. The General may engage, on behalf and at the expense of the Partnership, such professional persons, firms or corporations as the General Partner in its reasonable judgment shall deem advisable for the conduct and operation of the business of the Partnership, including, without limitation, brokers, mortgage bankers, lawyers, accountants, architects, engineers, consultants, contractors and purveyors of other such services for the Partnership on such terms and for such compensation or costs as the General Partner, in its reasonable judgment, shall determine.

9.6 Engagement of Affiliates. The General Partner may, on behalf and at the expense of the Partnership, engage the General Partner or a firm in which the General Partner, a Limited Partner, or a Partner, officer, director, stockholder or Affiliate of any of them, has an interest, to render services to the Partnership and/or the assets of the Partnership, provided that the fees or other compensation payable for such services are specifically authorized by the terms of this Agreement or are comparable to those prevailing in arm's-length transactions for similar services and are approved by the Board of Directors.

9.7 Liability of the General Partner. The General Partner and its Affiliates, officers, directors, agents and employees shall not be liable, responsible or accountable in damages or otherwise to the Partnership or any of the Partners or their successors or assigns for any acts or omissions performed or omitted within the scope of its authority as General Partner, or otherwise conferred on the General Partner and such Affiliates, officers, directors, agents and employees by this Agreement, provided that the General Partner or such Affiliates, officers, directors, agents or employees shall act in good faith and shall not be guilty of willful misconduct or gross negligence.

#### 9.8 Reimbursement of Certain Expenses of the General Partner.

(a) Except as provided in this Section 9.8 and elsewhere in this Agreement (including the provisions of Articles 7 and 8 regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses it incurs relating to the ownership and operation of, or for the benefit of, the Partnership, including without limitation, any expenses incurred by the General Partner in connection with the management by the General Partner of any property owned by any Property Partnership; provided, however, that the amount of any such reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership. The

-28-

Limited Partners acknowledge that the General Partner's sole business is the ownership of interests in and operation of the Partnership and that all of the General Partner's expenses are incurred for the benefit of the Partnership.

(c) The General Partner shall be deemed to be reimbursed in accordance with the provisions of Sections 6.1 and 6.3 hereof for all expenses it incurs relating to the Offering and any other offering and/or issuance of Additional Partnership Units, Partnership Interests and/or Common Stock as described in Sections 6.1 and 6.3 hereof.

9.9 Outside Activities of the General Partner. The General Partner shall not directly or indirectly enter into or conduct any business, other than in connection with the ownership, acquisition and disposition of Partnership Interests as a General Partner and the management of the business of the Partnership, and such activities as are incidental to same. The General Partner shall not, directly or indirectly, participate in or otherwise acquire any interest in any real or personal property, except its Partnership Interest as a General Partner and as otherwise provided in this Agreement, and other than such short-term liquid investments, bank accounts or similar instruments as it deems necessary to carry out its responsibilities contemplated under this Agreement.

9.10 Operation in Accordance with REIT Requirements. The Partners acknowledge and agree that the Partnership shall be operated in a manner that will enable the General Partner to (i) satisfy the REIT Requirements and (ii) avoid the imposition of any federal income or excise tax liability. The Partnership shall avoid taking any action which would result in the General Partner ceasing to satisfy the REIT Requirements or would result in the imposition of any federal income or excise tax liability on the General Partner.

9.11 Title Holder. To the extent allowable under applicable law, title to all or any part of the properties of the Partnership may be held in the name of the Partnership or any other individual, corporation, partnership, trust or otherwise, 100% of the beneficial interest in which shall at all times be vested in the Partnership. Any such title holder shall perform any and all of its respective functions to the extent and upon such terms and conditions as may be determined from time to time by the General Partner.

ARTICLE 10  
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

10.1 No Participation in Management of Partnership; Rights of Limited Partners to Certain Documents

(a) The Limited Partners shall have such rights as are enumerated as rights of limited partners under the Act. The Limited Partners, in such capacity, shall not take part in, or interfere in any manner, with the conduct or control of the Partnership's business and shall have no right or authority to act for or bind the Partnership, said powers being vested solely and exclusively in the General Partner. Except as specifically set forth in

-29-

this Agreement, the Limited Partners, in their capacities as such, shall not have any right or power whatsoever to take any action with respect to the conduct or control of the Partnership or its business including, but not limited to, any right to vote on, or otherwise approve, any matters or decisions, whether material, major or otherwise, in connection with the business of the Partnership.

(b) In addition to any other rights provided in this Agreement or by the Act, and except as limited by Section 10.1(c) below, each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at such Limited Partner's own expense:

- (i) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the General Partner pursuant to the Securities Exchange Act of 1934, as amended, and each report sent to the stockholders of the General Partner;
- (ii) to obtain a copy of the Partnership's federal, state and local income tax returns for each fiscal year of the Partnership;
- (iii) to obtain a current list of the name and last known business, residence or mailing address of each Partner;
- (iv) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers

of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

- (v) to obtain true and full information regarding the amount of cash and a description and statement of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner.

(c) Notwithstanding any other provisions of Section 10.1(b), the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or the General Partner or (ii) the Partnership or the General Partner is required by law or by agreements with unaffiliated third parties to keep confidential.

10.2 Withdrawal, Retirement, Death, Incompetency, Insolvency or Dissolution of a Limited Partner. A Limited Partner shall have no right to withdraw, retire or resign from the Partnership. The death, incompetency, insolvency or dissolution of a Limited Partner shall not

-30-

terminate the Partnership. Upon the death of a Limited Partner, his or her executor, administrator or successor in interest shall have all of the rights and duties of a Limited Partner for the purpose of settling his or her estate.

### 10.3 Redemption Rights.

(a) Grant of Rights. The General Partner does hereby grant to the Limited Partners and the Limited Partners do hereby accept the right, but not the obligation (such right shall be referred to hereinafter sometimes as the "Redemption Rights"), to require the Partnership to redeem all or part of their OP Units or other classes of Partnership Units as may be designated by the General Partner for shares of Common Stock and/or cash, at any time or from time to time after the date which is one (1) year after the date on which such Partnership Units were issued (or such later date after the date of issuance as may be specified in the Certificate of Designation of any class of Partnership Units or otherwise determined by the General Partner) on the terms and subject to the conditions and restrictions contained in this Section 10.3. For purposes of this Section 10.3, OP Units issued upon the redemption of Series A or Series B Preferred Units shall be deemed to have been issued on the date such Series A or Series B Preferred Units were issued.

(b) Delivery of Exercise Notices. Any one or more Limited Partners ("Exercising Partners") may, subject to the limitations set forth in this Section 10.3, deliver to the General Partner written notice in the form attached to the Unit Certificate as Attachment 1 (the "Exercise Notice") pursuant to which such Exercising Partners elect to exercise their Redemption Rights with respect to all or any portion of their Partnership Units. The Exercise Notice shall specify the specific number of Partnership Units which the Limited Partner intends to require the Partnership to redeem for shares of Common Stock and the specific number of Partnership Units which the Limited Partner intends to require the Partnership to redeem for cash. Only whole numbers of Partnership Units may be redeemed. Once delivered, the Exercise Notice shall be irrevocable, subject to payment by the General Partner of shares of Common Stock and/or cash in respect of such Partnership Units in accordance with the terms hereof.

(c) Assumption by General Partner. Notwithstanding anything contained herein to the contrary, the General Partner may, in its sole and absolute discretion, assume directly the obligation with respect to and satisfy an Exercising Partner's exercise of a Redemption Right by paying to the Exercising Partner, at the General Partner's election, shares of Common Stock and/or cash, as determined in accordance with the provisions of Section 10.3(e) below, whereupon the General Partner shall acquire the Offered Units and shall be treated for all purposes of this Agreement as the owner of such Offered Units. In the event the General Partner shall exercise its right to satisfy the Redemption Right in the manner described in the preceding sentence, the Partnership shall have no obligation to pay any amount to the Exercising Partner with respect to such Exercising Partner's exercise of the Redemption Right, and each of the Exercising Partner, the Partnership and the General Partner shall treat the transaction between the

-31-



General Partner and the Exercising Partner as a sale of the Offered Units to the General Partner for federal income tax purposes.

(d) Limitation on Exercise of Redemption Rights. Redemption Rights may be exercised at any time and from time to time after the date which is one (1) year after the date on which such Partnership Units were issued (or such later date after the date of issuance as may be specified in the Certificate of Designation of any class of Partnership Units or otherwise determined by the General Partner), subject to the following limitations:

- (i) A Limited Partner may not exercise its Redemption Rights pursuant to any one particular Exercise Notice for less than One Thousand (1,000) Partnership Units or, if such Limited Partner holds less than One Thousand (1,000) Partnership Units, all of the Partnership Units held by such Limited Partner;
- (ii) A Limited Partner shall not have the right to exercise its Redemption Rights hereunder if, in the opinion of counsel selected by the General Partner, in its sole and absolute discretion, such exercise and/or issuance of shares of Common Stock may or would (A) violate the General Partner's Articles of Incorporation, as amended from time to time, (B) cause the General Partner to fail any one or more of the REIT Requirements or (C) constitute a violation of applicable securities laws; and
- (iii) Each Limited Partner acknowledges and agrees that the issuance of shares of Common Stock pursuant to the Redemption Rights will not be registered under the Securities Act of 1933, as amended (the "Act"), or any state securities laws. Accordingly, shares of Common Stock issued to such Limited Partner may be required to be held indefinitely and the General Partner shall have no obligation to register such shares under the Act or any state securities laws unless required to do so pursuant to a separate written agreement entered into by the General Partner at the time of the issuance. In addition, such Limited Partner will be required to meet such other requirements and to provide such other information and representations as the General Partner may require, which are required in the opinion of its counsel to lawfully allow it to issue such shares without registration under the Act and any applicable state securities laws. Each Limited Partner acknowledges that the certificates representing shares of Common Stock issued will also bear a legend with respect to any restrictions on transfer required in the opinion of counsel for the General Partner. The General Partner acknowledges that the Limited Partners have been granted the right, in certain circumstances and

-32-

subject to certain limitations, to require the registration under the Act of the shares of Common Stock issued pursuant to the Redemption Rights.

(e) Computation of Number of Exchange Shares and/or Cash To Be Paid. Each Partnership Unit which is to be redeemed for shares of Common Stock shall be redeemed for one share of Common Stock, as adjusted from time to time as provided in Section 10.3(i). Each Partnership Unit which is to be redeemed for cash shall be redeemed for an amount of cash equal to the Current Per Share Market Price (determined as of the Trading Day immediately preceding the date upon which the closing of the redemption of Offered Units is to occur). Notwithstanding anything contained herein to the contrary, the General Partner, in its sole and absolute discretion, shall have the right either (i) to deliver shares of Common Stock to each Exercising Partner in lieu of all or any portion of the cash requested by such Exercising Partner, the number of which shares of Common Stock shall be determined pursuant to the first sentence of this Section 10.3(e) or (ii) to cause the Partnership to pay cash to each Exercising Partner in lieu of all or any portion of the number of shares of Common Stock requested by such Exercising Partner, the amount of such cash per Partnership Unit shall be determined pursuant to the second sentence of this Section 10.3(e). No fractional shares of Common Stock shall be issued in return for Partnership Units. If more than one Partnership Unit shall be requested to be redeemed at the same time by the same Limited Partner, the number of full shares of Common Stock that shall be issuable upon the redemption thereof shall be computed on the basis of the aggregate number of shares of Common Stock represented by the Partnership Units so presented. If any fraction of a share of Common Stock would, except for the provisions of this Section 10.3(e), be issuable on the redemption of any Partnership Units (or specified portion thereof), the General Partner shall pay an amount in cash equal to the Current Per Share Market Price (determined as of the Trading Day immediately preceding the date upon the closing of the Redemption of the Offered Units is to occur), multiplied by such

fraction.

(f) Closing; Delivery of Election Notice. The closing of the redemption of Offered Units shall, unless otherwise mutually agreed, be held at the principal offices of the General Partner, on the date agreed to by the General Partner and the Exercising Partners, which date shall in no event be later than: (i) ten (10) business days after the date of delivery of the Exercise Notice to the General Partner or (ii) the first date upon which all legal and other conditions with respect to such redemption have been satisfied (which shall include the expiration or termination of any applicable waiting periods).

(g) Closing Deliveries. At the closing of the redemption of Offered Units, (i) the Exercising Partners shall execute and deliver (A) proper instruments of transfer and assignment of the Offered Units, (B) a Unit Certificate or Unit Certificates representing the number of Offered Units to be so redeemed and (C) representations and warranties with respect to their due authority to sell all of the right, title and interest in and to such Offered Units to the General Partner and, with respect to the status of the Offered Units, that such Offered Units are free and clear of all liens, claims and encumbrances

-33-

whatsoever, and (ii) the General Partner shall (A) if shares of Common Stock are to be issued, execute and deliver representations and warranties with respect to its due authority to issue the shares of Common Stock to be received in the exchange; deliver an opinion of counsel for the General Partner, reasonably satisfactory to the Exercising Partners, to the effect that such shares of Common Stock have been duly authorized, are validly issued, fully-paid and non-assessable; and deliver a stock certificate or certificates evidencing the shares of Common Stock to be issued and registered in the name(s) of the Exercising Partner(s) or its or their designee(s), and/or (B) if cash is to be paid for Partnership Units, deliver a check in the amount of any cash due to the Exercising Partner(s) at such closing. If any Exercising Partner shall have delivered a Unit Certificate or Unit Certificates representing a number of Partnership Units in excess of the number of Offered Units, the Partnership shall issue to such Exercising Partner, at the expense of the Partnership, a new Unit Certificate covering the number of Partnership Units representing the unredeemed portion of the Unit Certificate or Unit Certificates so surrendered, which new Unit Certificate shall entitle the holder thereof to such rights of ownership of Partnership Units to the same extent as if the Unit Certificate covering such unredeemed Partnership Units had not been surrendered for redemption.

(h) Restriction on Redemption of Partnership Units. Notwithstanding anything in paragraph (e) and (f) above, or any other provision of this Section 10.3 to the contrary, after the earlier of January 1, 2006, or the date on which the number of Partners exceeds 500, upon delivery of the Exercise Notice, the General Partner shall notify the Limited Partner, within 10 days thereof, whether such Offered Units will be redeemed for cash or Common Stock and the closing of the redemption of Offered Units shall not occur any earlier than the later of (i) 10 days after such notification by the General Partner or (ii) the fifteenth (15th) day after the date on which the Exercise Notice for such Offered Units was delivered to the General Partner (or, if later, in both case (i) and (ii), the first date upon which all legal and other conditions with respect to such redemption have been satisfied, which shall include the expiration or termination of any applicable waiting periods), and in no event shall the current Per Share Market Price of any such Offered Units be determined as of any Trading Date prior to the fourteenth (14th) business day after the date of delivery of the Exercise Notice; provided, however, that the provisions of this Section 10.3(h) shall cease to apply and shall have no further force or effect on the date, if any, on which the Partnership receives either a ruling from the IRS or an unqualified opinion from the General Partner's counsel to the effect that, under the original provisions of paragraph (e) and (f) prior to any modification thereof by this paragraph (h), the Partnership will not be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code or any successor provision.

(i) Term of Rights. Unless sooner terminated, the rights of the parties with respect to the Redemption Rights shall commence as of the date which is one (1) year after the date of this Agreement and lapse for all purposes and in all respects upon the termination of the Partnership; provided, however, that the parties hereto shall continue to

-34-

be bound by an Exercise Notice delivered to the General Partner prior to such termination.

(j) Covenants of the General Partner. To facilitate the General Partner's ability to fully perform its obligations hereunder, the General Partner covenants and agrees as follows:

- (i) At all times during the pendency of the Redemption Rights, the General Partner shall reserve for issuance such number of shares of Common Stock as may be necessary to enable the General Partner to issue such shares in full exchange for all Partnership Units held by the Limited Partners which are from time to time issued and outstanding;
- (ii) During the pendency of the Redemption Rights, each Limited Partner shall receive in a timely manner all reports and/or other communications transmitted from time to time by the General Partner to its shareholders generally; and
- (iii) In case the General Partner shall issue rights or warrants to all holders of shares of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the Current Per Share Market Price as of the date immediately prior to the date of such issuance, the General Partner shall also issue to each holder of a Partnership Unit such number of rights or warrants, as the case may be, as he would have been entitled to receive had he required the Partnership to redeem his Partnership Units immediately prior to the record date for such issuance by the General Partner.
- (iv) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares, the number of shares of Common Stock for which each Partnership Unit thereafter may be redeemed shall be increased proportionately, and, conversely, in case outstanding shares of Common Stock each shall be combined into a smaller number of shares, the number of shares of Common Stock for which each Partnership Unit thereafter may be redeemed shall be reduced proportionately, such increase or reduction as the case may be, to become effective immediately after the opening of business on the Trading Day following the day upon which such subdivision or combination becomes effective.
- (v) In case shares of Common Stock shall be changed into the same or a different number of shares of any class or classes of shares of beneficial interest, whether by capital reorganization,

-35-

reclassification or otherwise (other than a subdivision or combination of shares or a stock dividend described in Section 10.3(i) (iv) above) then and in each such event the Limited Partners shall have the right thereafter to require the Partnership to redeem their Partnership Units for the kind and amount of shares and other securities and property which would have been received upon such reorganization, reclassification or other change by holders of the number of shares of Common Stock for which the Partnership Units might have been redeemed immediately prior to such reorganization, reclassification or change.

- (vi) The General Partner may, but shall not be required to, make such adjustments to the number of shares of Common Stock issuable upon redemption of a Partnership Unit, in addition to those required by paragraphs (iii), (iv) and (v) of this Section 10.3(i), as the Board of Directors considers to be advisable in order that any event treated for Federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients. The Board of Directors shall have the power to resolve any ambiguity or correct any error in the adjustments made pursuant to this Section 10.3(i) and its actions in so doing shall be final and conclusive.

(k) Limited Partners' Covenant. Each Limited Partner covenants and agrees with the General Partner that all Offered Units tendered to the General Partner in accordance with the exercise of Redemption Rights herein provided shall be delivered to the General Partner free and clear of all liens, claims and encumbrances whatsoever and should any such liens, claims and/or encumbrances exist or arise with respect to such Offered Units, the General Partner shall be under no obligation to acquire the same. Each Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Offered Units to the General Partner (or its designee), such Limited Partner shall assume and pay such transfer tax.

ARTICLE 11  
BANKING, RECORDS AND TAX MATTERS

11.1 Partnership Funds. All funds of the Partnership shall be deposited in its name in accounts (with banks, "money-market funds," or securities of the United States government or like investment or depository media) designated by

the General Partner, and the General Partner or its designees shall have the right to draw checks or other orders of withdrawal thereon and make, deliver, accept and endorse negotiable instruments in connection with the Partnership business.

-36-

11.2 Books and Records. The following books, records, and accounts shall be maintained by the Partnership, showing its assets, liabilities, transactions, and financial condition: a current list of the full name and last known address of each Partner, separately identifying the General and Limited Partners and set forth in alphabetical order and setting forth the amount of cash or a description and statement of the Agreed Value of other property contributed or agreed to be contributed by each partner; the date on which each became a Partner; a copy of the Certificate and all amendments thereto; copies of the Partnership's federal, state and local income tax returns and reports, if any, for the six most recent years; copies of this Agreement and any amendments thereto; and copies of any financial statements of the Partnership for the three most recent years. The Partnership's books shall be maintained at the principal office of the Partnership. Each Partner shall have the right to inspect and copy such materials at all reasonable times and during ordinary business hours. The General Partner is not required to deliver to any Limited Partner copies of the Certificate or any amendments thereto, unless requested by such Limited Partner. Notwithstanding the foregoing, the General Partner shall have the authority to designate a transfer agent to maintain a record of all of the Partners of the Partnership, and the appointment of the transfer agent shall relieve the Partnership of any obligations to keep separate records with respect to the matters recorded in the books and records maintained by the transfer agent. The General Partner may, from time to time, demand a statement from the Limited Partners of record requesting each Limited Partner to disclose the actual owners of the Partnership Units, including the identity of individuals or beneficial owners that have an interest directly or indirectly (through other passthrough entities) in such Limited Partner. Each Limited Partner should submit such statement to the General Partner within 30 days after such request was made by the General Partner.

11.3 Financial Statements. Within ninety-five (95) days after the close of each fiscal year of the Partnership, the General Partner shall cause to be prepared (at the Partnership's expense) and furnished to each Person who was a Partner during the fiscal year then ended, a balance sheet of the Partnership as of the close of such fiscal year and statements of income or loss, and Net Cash Flow, if any. Such statements shall be prepared in accordance with generally accepted accounting principles and certified by the Accountants for the Partnership, unless such certification is waived, in writing, by all of the Partners.

11.4 Tax Returns. Within ninety (90) days following the close of each fiscal year of the Partnership, the General Partner shall cause to be prepared (at the Partnership's expense) a United States Partnership Return of Income and cause to be furnished to each Person who was a Partner during the fiscal year a schedule (a "K-1 Schedule") of each such Partner's share of income, credits, and deductions on the form then prescribed by the IRS. All elections and options available to, or determinations as to items of income or expense of, the Partnership for federal or state income tax purposes shall be taken, rejected or made by the Partnership in the sole discretion of the General Partner.

11.5 Section 754 Matters. The General Partner, on behalf of the Partnership, shall file an election under Section 754 of the Code in accordance with the procedures set forth in the applicable Regulations promulgated thereunder, which shall be effective beginning with the first

-37-

fiscal year of the Partnership with respect to which the Partnership is eligible to make such election, which election, for such fiscal year, may not be revoked for any reason.

11.6 Tax Matters Partner. The General Partner is hereby appointed the "tax matters partner" of the Partnership for all purposes pursuant to Sections 6221-6231 of the Code. The Partnership shall reimburse the tax matters partner for any and all out-of-pocket costs and expenses (including attorneys' and accountants' fees) incurred or sustained by it in its capacity as tax matters partner. The Partnership shall indemnify, defend and hold the tax matters partner harmless from and against any loss, liability, damage, cost or expense (including attorneys' and accountants' fees) sustained or incurred as a result of any act or decision concerning the Partnership tax matters and within the scope of its responsibility as tax matters partner.

11.7 Other Reports. The General Partner shall deliver to each Limited Partner, in a timely manner, all reports and/or other communications transmitted from time to time by the General Partner to its shareholders.

ARTICLE 12  
TRANSFER OF GENERAL PARTNER INTERESTS

12.1 Transfer of Interest of the General Partner. No General Partner may at any time sell, assign, transfer, pledge or encumber any or all of its Partnership Interest in the Partnership or withdraw or retire from the Partnership except as otherwise provided herein or with the prior written consent of Partners owning eighty-five percent (85%) of the issued and outstanding Partnership Units taken as a single class. Retirement or withdrawal from the Partnership shall not relieve the General Partner of any obligation theretofore incurred by it hereunder. Notwithstanding anything contained herein to the contrary, the Limited Partners shall have no right whatsoever to remove the General Partner from the Partnership.

12.2 Retirement of the General Partner. If a General Partner shall liquidate or dissolve, be adjudged bankrupt, enter into an assignment for the benefit of creditors, have a receiver appointed to administer its interest in the Partnership, be the subject of a voluntary or involuntary petition for bankruptcy that is not dismissed or vacated within ninety (90) days of filing, or have its interest in the Partnership seized by a judgment creditor, or if there shall be an individual general partner and he shall die, be adjudicated incompetent or become permanently disabled (each of the foregoing events is referred to hereinafter as an "Event of Retirement"), such General Partner, without further act or notice, immediately shall be deemed to have retired as General Partner of the Partnership. If the General Partner retires as General Partner of the Partnership as aforesaid, (i) such General Partner (or its administrator, executor, personal representative or successor) (a) shall become a nonparticipating Limited Partner (a "Nonparticipating Limited Partner") retaining the General Partner's former interest in the Profits, Losses and Net Cash Flow of the Partnership, but shall not acquire any right or interest in any payment or distribution to the Limited Partners, as such, pursuant hereto, (b) shall have no right to participate in the management of the affairs of the Partnership, and (c) shall be disregarded in determining whether any approval, consent, or other action has been given or taken by the

-38-

Limited Partners; and (ii) the surviving General Partner(s), if any, shall remain as such and the Partners hereby agree and consent that the Partnership shall continue in effect and shall not terminate, subject, however, to the provisions of Section 12.5 hereof.

12.3 Transferee of the General Partner's Interest. Any Person, other than the General Partner, who acquires, in any manner whatsoever (except as herein otherwise provided) the interest, or any portion thereof, of the General Partner, shall not be a General Partner, but shall be entitled to become a Nonparticipating Limited Partner upon written acceptance and adoption of all of the terms and provisions of this Agreement and compliance with the requirements of Section 13.3 of this Agreement. Such Person shall, to the extent of the interest acquired, be entitled only to the transferor General Partner's rights, if any, in the Profits, Losses and Net Cash Flow of the Partnership, but shall not acquire any right or interest in any payment or distribution to the Limited Partners, as such, pursuant hereto. No such Person shall have any right to participate in the management of the affairs of the Partnership, and the interest acquired by such Person shall be disregarded in determining whether any approval, consent or other action has been given or taken by the Limited Partners.

12.4 Retirement of Last Remaining General Partner. If the last remaining General Partner shall at any time withdraw or suffer an Event of Retirement, the Limited Partners shall have the right, within ninety (90) days thereafter, by a written consent executed and delivered by Limited Partners owning a majority of the issued and outstanding Partnership Interests taken as a single class, to appoint one or more new General Partners as replacement General Partners, unless the Act requires a greater percentage of the Limited Partners to consent to the continuation of the Partnership, in which case such higher percentage shall be required for the continuation of the Partnership. In such event, the Limited Partners shall create for such replacement General Partners such interest in the Partnership Profits, Losses and Net Cash Flow as the Limited Partners may agree upon from among their collective interests in the Partnership.

12.5 Continuation of Partnership. In the event of the timely appointment of a replacement or new General Partner(s) pursuant to this Article 12, the relationship of the Partners shall be governed by the provisions of this Agreement, the Partnership shall be continued, and the replacement or new General Partner(s) shall have all of the management rights, duties, responsibilities, authority and powers provided the General Partner in this Agreement. If the Limited Partners fail to select a replacement or new General Partner(s), whichever the case may be, within ninety (90) days following retirement of the last remaining General Partner, the Partnership shall dissolve and terminate.

12.6 Merger or Consolidation of the General Partner.

(a) Whether or not Section 9.3 hereof is applicable, the General Partner shall not, unless Section 12.6(b) is applicable, engage in any merger, consolidation or other combination with or into another person, sale of all or substantially all of its assets or any reclassification, recapitalization or similar transaction (each, a "Termination Transaction"), unless such Termination Transaction is one in connection with which all Limited Partners either will receive, or will have the right to elect to receive, for each

-39-

Partnership Unit, an amount of cash, securities, or other property equal to the product of the number of shares of Common Stock into which such Partnership Unit is convertible (or in the case of a Series A and Series B Preferred Unit, the number of OP Units into which such Series A or Series B Unit is convertible) and the greatest amount of cash, securities or other property paid to a holder of one share of Common Stock in consideration of one share of Common Stock pursuant to the terms of the Termination Transaction; provided that; if, in connection with the Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the outstanding Common Stock, each holder of Partnership Units (other than the Series A or Series B Preferred Units or any other class of Partnership Units that are not directly redeemable for Common Stock) shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities, or other property which such holder would have received had it exercised its right to Redemption (as set forth in Section 10.3)) and received Common Stock in exchange for its Partnership Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction shall have been consummated.

(b) Whether or not Section 9.3 hereof is applicable, the General Partner may merge, or otherwise combine its assets, with another entity without satisfying the requirements of Section 12.6(a) hereof if: (i) immediately after such merger or other combination, substantially all of the assets directly or indirectly owned by the surviving entity, other than Partnership Units held by such General Partner, are owned directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the "Surviving Partnership"); (ii) the Limited Partners own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership (as determined pursuant to Section 12.6(c)) and the relative fair market value of the other net assets of the Surviving Partnership (as determined pursuant to Section 12.6(c)) immediately prior to the consummation of such transaction; (iii) the rights, preferences and privileges of the Limited Partners in the Surviving Partnership are at least as favorable as those in effect immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the Surviving Partnership; and (iv) such rights of the Limited Partners include the right to exchange their interests in the Surviving Partnership for at least one of: (A) the consideration available to such Limited Partners pursuant to Section 12.6(a), or (B) if the ultimate controlling person of the Surviving Partnership has publicly traded common equity securities, such common equity securities, with an exchange ratio based on the relative fair market value of such securities (as determined pursuant to Section 12.6(c)) and the Common Stock.

(c) In connection with any transaction permitted by Section 12.6(a) or 12.6(b), the relative fair market values shall be reasonably determined by the General Partner as of the time of such transaction and, to the extent applicable, shall be no less

-40-

favorable to the Limited Partners than the relative values reflected in the terms of such transactions.

#### ARTICLE 13 TRANSFER OF LIMITED PARTNER INTERESTS

13.1 Transfer of Interest of a Limited Partner. Except as otherwise specifically provided in this Agreement, no Limited Partner may sell, assign, transfer, pledge, encumber or in any manner dispose of all or any part of its Partnership Interest without the prior written consent of the General Partner, which consent may not be unreasonably withheld. Notwithstanding the foregoing, each Limited Partner shall have the right to (i) pledge or otherwise encumber all or any portion of its Partnership Interest (subject, however, to applicable securities laws) and/or (ii) transfer all or any portion of its Partnership Interest to members of the Immediate Family of such Limited Partner and to one

or more trusts for the benefit of one or more members of the Immediate Family of such Limited Partner for estate and/or gift tax purposes, upon prior written notice to the General Partner. Without limiting the generality of the foregoing, in no event shall the General Partner consent to an assignment of all or any portion of the Partnership Interest of a Limited Partner in the Partnership if, in the opinion of the General Partner (or of counsel satisfactory to the General Partner), such assignment (i) will result in a termination of the Partnership for federal income tax purposes or otherwise result in adverse tax consequences to the Partnership or any Partner, (ii) will result in the Partnership failing to qualify for an exemption from the registration requirements of the federal or any applicable state securities laws, (iii) will result in the imposition of fiduciary responsibility on the Partnership or any Partner under the Employee Retirement Income Security Act of 1974, as amended from time to time, (iv) will result in a violation of any provision of any mortgage or trust deed (or the note or bond secured thereby) constituting a lien against any assets of the Partnership, or other instrument, document or agreement to which the Partnership is a party or otherwise bound, (v) represents a transfer of any component portion of a Partnership Interest, such as the Capital Account, or rights to Net Cash Flow, separate and apart from all other components of a Partnership Interest, or (vi) will cause the General Partner to cease to comply with any and all REIT Requirements. Subject to satisfaction of the conditions therefor set forth or referred to herein, each Limited Partner hereby consents to the substitution or admission of any assignee of a Limited Partner. Any sale, assignment, transfer, pledge, encumbrance, hypothecation or other disposition by a Limited Partner of all or any part of its Partnership Interest in violation of the provisions hereof shall be void ab initio and of no force or effect whatsoever.

13.2 Assignee and Substitute Limited Partners. No Person shall be admitted as an assignee or substituted Limited Partner under this Agreement unless and until:

(a) An assignment is made in writing, signed by the assigning Partner and accepted in writing by the assignee, and a duplicate original of such assignment has been delivered to and approved by the General Partner;

-41-

(b) The General Partner has received an opinion of counsel favorably covering the matters described in clauses (i) through (vi) of Section 13.1 above, or waived all or any portion of this requirement;

(c) The prospective admittee executes and delivers to the General Partner a written agreement in form reasonably satisfactory to the General Partner pursuant to which said Person agrees to be bound by and confirms the obligations, representations, warranties and power of attorney contained in this Agreement; and

(d) An appropriate amendment to this Agreement is executed.

13.3 Assignment. In the event an assignment is made in accordance with the terms hereof, unless otherwise required by the Code:

(a) The effective date of such assignment shall be the date the written instrument of assignment is delivered to the Partnership and approved by the General Partner;

(b) The Partnership and the General Partner shall be entitled to treat the assignor of the assigned interest as the absolute owner thereof in all respects and shall incur no liability for allocations of Profits or Losses and distributions of Net Cash Flow made in good faith to such assignor until such time as the written instrument of assignment has been actually received and approved by the General Partner, and recorded in the books of the Partnership; and

(c) The division and allocation of Profits or Losses, other than Profits or Losses arising from a Liquidation of the Partnership, attributable to the applicable Partnership Interests between the assignor and assignee during any fiscal year of the Partnership shall be based upon the length of time during such fiscal year, as measured by the effective date of such assignment, that the assigned Partnership Interest was owned by each of them and shall not be based upon the date or dates during such fiscal year in which income was earned or losses were sustained by the Partnership; provided, however, that the division and allocation of Profits or Losses resulting from a Liquidation of the Partnership shall be based upon the date or dates such income was earned or losses were sustained.

13.4 Cost of Admission. The cost of processing and perfecting an admission contemplated by this Article 13 (including reasonable attorney's fees incurred by the Partnership) shall be borne by the party seeking admission as a Partner to the Partnership.

DISSOLUTION AND LIQUIDATION OF PARTNERSHIP

14.1 Dissolution of the Partnership. The Partnership shall be dissolved upon the happening of any of the following:

- (a) An election to dissolve and wind up the affairs of the Partnership by the General Partner (subject to Section 9.3 hereof);
- (b) The occurrence of an Event of Retirement to the last remaining General Partner, unless the Limited Partners elect to continue the business of the Partnership pursuant to the provisions of Sections 12.4 and 12.5;
- (c) Any event that makes it unlawful for the Partnership business to be continued;
- (d) The sale, disposition, or abandonment of all or substantially all of the assets of the Partnership unless the General Partner, with the written consent of Partners owning eighty-five percent (85%) of the Partnership Interests taken as a single class (which consent may not be unreasonably withheld), elects to continue the Partnership business for the purpose of the receipt and the collection of indebtedness or the collection of any other consideration to be received in exchange for the assets of the Partnership (which activities shall be deemed to be part of the winding up of the affairs of the Partnership);
- (e) Dissolution required by operation of law; or
- (f) December 31, 2093.

14.2 Winding Up of Affairs. In the event of the dissolution and liquidation of the Partnership for any reason, the General Partner shall commence to wind up the affairs of the Partnership and shall convert all of the Partnership's assets to cash or cash equivalents within such reasonable period of time as may be required to receive fair value therefor. All items of income, gain, loss, deduction and credit during the period of liquidation shall be allocated among the Partners in the same manner as before the dissolution. If there is no General Partner to effect such Liquidation, then the Limited Partners, pursuant to a vote of Limited Partners owning a majority of the issued and outstanding Partnership Units owned by all Limited Partners, may designate any person, firm or corporation, as a Liquidating Trustee, for that purpose who shall have all of the rights, powers and authority of a General Partner stated herein in connection therewith.

14.3 Accounting. In the case of the dissolution and termination of the Partnership, prior to any distributions to Partners pursuant to Section 14.4(c) below, a proper accounting shall be made of the Capital Accounts of the Partners and of each item of income, gain, loss, deduction and credit of the Partnership from the date of the last previous accounting to the date of dissolution. The General Partner shall provide a copy of such accounting to all Partners.

-43-

14.4 Final Distribution of Partnership Property. Upon termination of the Partnership, the General Partner shall apply and distribute the remaining property of the Partnership, together with the proceeds of any sales of same, as follows:

- (a) first, all Partnership debts and liabilities shall be paid and discharged, including debts owed to Partners and any Affiliates of Partners;
- (b) second, to establish any reserve for any contingent or unforeseen liabilities or obligations of the Partnership. Such funds shall be placed in escrow by the General Partner for the purposes of disbursing such funds in payment of any of the contingencies, liabilities or obligations, and, at the expiration of such period as the General Partner shall deem advisable, the balance then remaining shall be distributed pursuant to subsection (c) of this Section 14.4; and
- (c) third, to distribute the balance to the Partners in the manner and priority set forth in Article 8 hereof, with any and all Net Cash Flow arising from the ordinary course of the Partnership's business during the period of liquidation being distributed pursuant to Section 8.1(a) and any and all Net Cash Flow arising pursuant to the sale and/or other liquidation of Partnership property being distributed pursuant to Section 8.1(b) hereof.

Distributions upon liquidation of the Partnership (or any Partner's interest in the Partnership) and related adjustments shall be made by the end of the taxable year of the liquidation (or, if later, within 90 days after the date of such liquidation) or as otherwise permitted by the Regulations.

14.5 Certificate of Cancellation. Upon completion of the liquidation of



the Partnership and the distribution of all Partnership property, the Partnership shall terminate and the General Partner shall have the authority to execute and record one or more Certificates of Cancellation of the Partnership as well as any and all other documents required or considered advisable by the General Partner to effectuate the dissolution and termination of the Partnership.

ARTICLE 15  
POWER OF ATTORNEY

15.1 Power of Attorney. Each Partner, by its execution hereof, irrevocably constitutes and appoints the General Partner, or any substitute or replacement General Partner, with full power of substitution, as such Partner's true and lawful attorney-in-fact, in its name, place and stead to make, execute, sign, acknowledge, certify, deliver, file and record on its behalf and on behalf of the Partnership, the following:

(a) This Agreement, all Certificates of Limited Partnership, Certificates of Doing Business under an Assumed Name, amendments to any or all of the foregoing, and

-44-

any other certificates or instruments which may be required to be filed by the Partnership or the Partners under the laws of the State of Delaware or any other jurisdiction;

(b) One or more Certificates of Cancellation of the Partnership and such other instruments or documents as may be deemed necessary or desirable by the General Partner upon termination of the Partnership business;

(c) Any and all amendments to this Agreement and to the instruments described in subsections (a) and (b) above, provided such amendments are either required by law or have been authorized by the Partner(s) in accordance with Article 16 and/or any other provision of this Agreement (including, without limitation, any amendment to this Agreement and to the Certificate to reflect the substitution or admission of a Limited Partner pursuant to this Agreement); and

(d) Any and all such other documents and instruments as may be deemed necessary or desirable by said attorney to carry out fully the provisions of this Agreement in accordance with its terms.

15.2 Grant of Authority Irrevocable. The foregoing grant of authority (a) is a special power of attorney coupled with an interest, is irrevocable and shall survive the death or incapacity of a Partner who is a natural person or, in the case of a Partner that is not a natural person, the merger, dissolution or other termination of its existence of the Partner, (b) may be exercised by the General Partner on behalf of each Partner, by a facsimile signature or by listing all of the Partners executing any instrument with a single signature as attorney-in-fact for all of them, and (c) shall survive the assignment by a Partner of the whole or any portion of his or its interest in the Partnership.

ARTICLE 16  
AMENDMENT OF PARTNERSHIP AGREEMENT

16.1 Amendments by Partners. Except as may be specifically provided below in this Section 16.1 and in Sections 16.2 and 9.3 hereof, this Agreement may only be amended with the written concurrence of the General Partner and the written consent of Partners owning a majority of the Partnership Units taken as a single class (which shall mean that only the General Partner's consent is necessary if the General Partner owns a majority of the Partnership Units, taken as a single class, in which case the Limited Partners need not be solicited but shall be informed of the amendment); provided, however, that absent the concurrence of the General Partner and the approval of all of the Limited Partners no amendment shall increase the obligation of any Partner to make contributions to the capital of the Partnership; provided, further, however, that absent (i) the concurrence of the General Partner, (ii) the approval of the Limited Partners adversely affected and (iii) the approval of Limited Partners owning eighty-five percent (85%) of the Partnership Units held by all Limited Partners, taken as a single class, no amendment shall:

-45-

(a) modify the order of allocation of distributions of the Net Cash Flow or liquidating distributions, or the allocation of Profits and Losses among the Partners (other than as specifically provided for herein, including without limitation, modifications pursuant to Section 6.4 hereof);

(b) change the Partnership to a general partnership;

(c) reduce the percentage of Limited Partners required to consent to any matter in this Agreement; or

(d) amend Section 9.4(a) (iv) or 9.4(b) hereof or amend Section 10.3 hereof in any manner that prohibits or restricts, or has the effect of prohibiting or restricting, the ability of a Limited Partner to exercise its Redemption Rights in full;

(e) amend Section 12.6(a), (b) or (c); or

(f) amend this Article 16.

16.2 Amendment by the General Partner. Notwithstanding anything contained in this Agreement to the contrary, the General Partner shall have the power, without the consent of the Limited Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(a) To add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(b) To reflect the admission, substitution, termination or withdrawal of Partners in accordance with this Agreement, including without limitation, the issuance of additional classes of Partnership Units to Limited Partners pursuant to Section 6.4 hereof;

(c) To reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(d) To satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law; and

(e) To amend the provisions of this Agreement that protect the qualification of the General Partner as a REIT if such provisions are no longer necessary because of a

-46-

change in applicable law (or an authoritative interpretation thereof), a ruling of the IRS, or if the General Partner has determined to cease qualifying as a REIT.

The General Partner will provide notice to the Limited Partners when any action under this Section 16.2 is taken.

16.3 Amendment of Certificate. If this Agreement shall be amended pursuant to this Article 16, the General Partner shall cause the Certificate to be amended, to the extent required by applicable law, to reflect such change. The Partners shall be promptly notified of any amendments made under this Article 16.

#### ARTICLE 17 INDEMNIFICATION

17.1 Partnership Indemnification of Partner. To the maximum extent permitted from time to time under Delaware law, the Partnership shall indemnify, defend and hold the General Partner (in its capacity as General Partner) and its Affiliates, trustees, officers, directors, employees and agents, or their respective successors, executors, administrators or personal representatives harmless from and against any loss, liability, damage, cost or expense (including reasonable attorneys' fees) sustained or incurred as a result of any act or omission concerning the business or activities of the Partnership or General Partner; provided such act or omission was not in violation of any term or provision of this Agreement or any provision of law. The foregoing indemnity shall not be enforceable against any Limited Partner personally but solely from such Limited Partner's interest in the Partnership.

17.2 Partner Indemnification of Partnership. In the event the Partnership is made a party to any litigation or otherwise incurs any loss or expense as a result of or in connection with any Partner's personal obligations or liabilities unrelated to Partnership business, such Partner shall indemnify and reimburse the Partnership for all such loss and expense incurred, including reasonable attorneys' fees, and the interest of such Partner in the Partnership may be charged therefor. The liability of a Partner under this Section 17.2 shall not be limited to such Partner's interest in the Partnership, but shall be enforceable against such Partner personally.

ARTICLE 18  
MISCELLANEOUS PROVISIONS

18.1 Notices. All notices and demands required or permitted under this Agreement shall be in writing and may be delivered personally to the Person to whom it is authorized to be given, or sent by registered, certified or first class mail, or by overnight delivery, postage prepaid, and if intended for the Partnership, addressed to the Partnership at the principal office of the Partnership, and if intended for a Partner, addressed to the Partner at its address on the signature pages hereof, or to such other person or at such other address designated by written

-47-

notice given to the Partnership. Any notice or demand mailed as aforesaid shall be deemed to have been delivered two (2) days after the date that such notice or demand is deposited in the mails.

18.2 Severability. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid shall not be affected.

18.3 Parties Bound. Any Person acquiring or claiming an interest in the Partnership, in any manner whatsoever, shall be subject to and bound by all terms, conditions and obligations of this Agreement to which his or its predecessor in interest was subject or bound, without regard to whether such Person has executed a counterpart hereof or any other document contemplated hereby. No Person, including the legal representative, heir or legatee of a deceased Partner, shall have any rights or obligations greater than those set forth in this Agreement and no Person shall acquire an interest in the Partnership or become a Partner thereof except as permitted by the terms of this Agreement. This Agreement shall be binding upon the parties hereto, their successors, heirs, devisees, assigns, legal representatives, executors and administrators.

18.4 Applicable Law. The Partnership and this Agreement shall be governed by the laws of the State of Delaware.

18.5 Partition. Each Partner hereby irrevocably waives during the term of the Partnership any right that he or it may have to maintain any action for partition with respect to any property of the Partnership.

18.6 Computation of Accountants. Except with respect to matters as to which the General Partner is granted discretion under this Agreement, the opinion of the Accountants shall be final and binding with respect to all allocations made under Article 7 or distributions made under Article 8 or Section 14.4 hereof.

18.7 Headings. The headings in this Agreement are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision.

18.8 Counterparts. This Agreement may be executed in multiple counterparts with separate signature pages, each such counterpart shall be considered an original, but all of which together shall constitute one and the same instrument.

-48-

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the date first set forth above, confirms his or its agreement to become a General or Limited Partner, as the case may be, of the Partnership, agrees to be bound by this Agreement and acknowledges the appointment of attorneys-in-fact as set forth herein, and swears that the statements set forth herein are true and correct.

GENERAL PARTNER:

MACK-CALI REALTY CORPORATION,  
a Maryland corporation

By:

-----  
Roger W. Thomas  
Executive Vice President

Address: 11 Commerce Drive  
Cranford, New Jersey 07016

LIMITED PARTNERS:

-----  
Roger W. Thomas as attorney-in-fact  
for John J. Cali

-----  
Roger W. Thomas as attorney-in-fact  
for Angelo R. Cali

-----  
Roger W. Thomas as attorney-in-fact  
for Edward Leshowitz

-----  
Roger W. Thomas as attorney-in-fact  
for Brant B. Cali

-----  
Roger W. Thomas as attorney-in-fact  
for John R. Cali

-49-

-----  
Roger W. Thomas as attorney-in-fact  
for Christopher Cali

-----  
Roger W. Thomas as attorney-in-fact  
for Jonna Cali

TAR Investments, L.P.

By: TAR Realty Corp.,  
general partner

By:  
-----  
Roger W. Thomas as attorney-in-fact  
for Thomas A. Rizk, President

-----  
Roger W. Thomas as attorney-in-fact  
for Albert Spring

-----  
Roger W. Thomas as attorney-in-fact  
for Philip Cali, Jr.

-----  
Roger W. Thomas as attorney-in-fact  
for Susan Sandson

-----  
Roger W. Thomas as attorney-in-fact  
for Jed Leshowitz

-----  
Roger W. Thomas as attorney-in-fact  
for Rudolph Daunno, Jr.

-----  
Roger W. Thomas as attorney-in-fact  
for Richard W. Daunno

-----  
Roger W. Thomas as attorney-in-fact  
for Christopher A. Daunno

-----  
Roger W. Thomas as attorney-in-fact  
for Gloria Seminara

-----  
Roger W. Thomas as attorney-in-fact  
for Maryann J. Pascale

-----  
Roger W. Thomas as attorney-in-fact  
for Thomas Seminara

-----  
Roger W. Thomas as attorney-in-fact  
for Gary Seminara

-----  
Roger W. Thomas as attorney-in-fact  
for Rosemary Monteyne

-----  
Roger W. Thomas as attorney-in-fact  
for Helen Paruta

-----  
Roger W. Thomas as attorney-in-fact  
for John J. DeCaro

-----  
Roger W. Thomas as attorney-in-fact  
for Anthony DeCaro, Sr.

-----  
Roger W. Thomas as attorney-in-fact  
for Anthony P. DeCaro, Jr.

-----  
Roger W. Thomas as attorney-in-fact  
for Harvey Halberstradter

-----  
Roger W. Thomas as attorney-in-fact  
for Sanford Halberstradter

-----  
Roger W. Thomas as attorney-in-fact  
for Daniel Richheimer

-----  
Roger W. Thomas as attorney-in-fact  
for Chela Richheimer

-----  
Roger W. Thomas as attorney-in-fact  
for Liza Richheimer

-----  
Roger W. Thomas as attorney-in-fact  
for Mark Baumgarten

-----  
Roger W. Thomas as attorney-in-fact  
for Jeffrey Fisch

-----  
Roger W. Thomas as attorney-in-fact  
for James Nugent

-----  
Roger W. Thomas as attorney-in-fact  
for Michael K. Nevins

-----  
Roger W. Thomas as attorney-in-fact  
for Rose Cali

-52-

Angelo R. Cali Irrevocable Trust  
dated January 28, 1975  
f/b/o Angela Cali

By:  
-----  
Roger W. Thomas as attorney-in-fact  
for Brant Cali, Trustee

Angelo R. Cali Irrevocable Trust  
dated January 28, 1975  
f/b/o John R. Cali

By:  
-----  
Roger W. Thomas as attorney-in-fact  
for Brant Cali, Trustee

Angelo R. Cali Irrevocable Trust  
dated January 28, 1975  
f/b/o Joanne Cali

By:  
-----  
Roger W. Thomas as attorney-in-fact  
for Brant Cali, Trustee

Angelo R. Cali Irrevocable Trust  
dated July 1, 1979

By:  
-----  
Roger W. Thomas as attorney-in-fact  
for Brant Cali, Trustee

John J. Cali Irrevocable Trust  
dated July 1, 1979

By:  
-----  
Roger W. Thomas as attorney-in-fact  
for John R. Cali, Trustee

P.S.L. Associates

By:  
-----  
Roger W. Thomas as attorney-in-fact  
for Bernard Quinn

-53-

-----

Roger W. Thomas as attorney-in-fact  
for Jonathan Bernstein

M.B.M. Associates

By:

-----  
Roger W. Thomas as attorney-in-fact  
for David McBride

-----  
Roger W. Thomas as attorney-in-fact  
for Robert F. Weinberg

-----  
Roger W. Thomas as attorney-in-fact  
for Martin S. Berger

-----  
Roger W. Thomas as attorney-in-fact  
for Greg Berger

-----  
Roger W. Thomas as attorney-in-fact  
for Brad Berger

-----  
Roger W. Thomas as attorney-in-fact  
for Timothy M. Jones

RMC Development Company, LLC Executive  
Deferred Compensation Plan HR Trust

By:

-----  
Roger W. Thomas as attorney-in-fact  
for Richard Ader, Trustee

-54-

RMC Development Company, LLC Executive  
Deferred Compensation Plan AG Trust

By:

-----  
Roger W. Thomas as attorney-in-fact  
for Karen J. Cohen Trustee

RMC Development Company, LLC Executive  
Deferred Compensation Plan MG Trust

By:

-----  
Roger W. Thomas as attorney-in-fact  
for Russell J. Carpentieri, Trustee

MSB Management, Inc.

By:

-----  
Roger W. Thomas as attorney-in-fact  
for Martin S. Berger, President

RFW Management

By:

-----  
Roger W. Thomas as attorney-in-fact  
for Robert F. Weinberg, President





Richard W. Daunno 42,235  
28 Olsen Drive  
Warren, NJ 07059

A-2

Christopher A. Daunno 15,102  
c/o Mary Daunno  
890 Pennsylvania Avenue  
Westfield, NJ 07090

Gloria Seminara 99,314  
67 Butternut Drive  
Wayne, NJ 07470

Maryann J. Pascale 15,102  
204 Montclair Road  
Barnegat, NJ 08005

Thomas Seminara 12,504  
3900 North Ocean Drive  
Lauderdale By The Sea, FL 33308

Gary Seminara 16,439  
19 Ronnie Road  
Wayne, NJ 07470

Rosemary Monteyne 13,504  
c/o Gary Seminara  
19 Ronnie Road  
Wayne, NJ 07470

Helen Paruta 66,042  
7 Phillips Lane  
Roseland, NJ 07068

John J. DeCaro 92,215  
141 Post Kennel Road  
Far Hills, NJ 07931

A-3

Anthony DeCaro, Sr. 53,080  
320 South Street, Apt. 16B  
Morristown, NJ 07960

Anthony P. DeCaro, Jr. 19,231  
62 Mountain Avenue  
Cedar Knolls, NJ 07927

Harvey Halberstadter 20,000  
P.O. Box 918  
Great Barrington, MA 01230

Sanford Halberstadter 43,684  
621 Beechwood Road  
Linden, NJ 07036

Daniel Richheimer 659  
c/o Susan Sandson  
3842 Wonderland Hill  
Boulder, Co. 80304

Chela Richheimer 659  
c/o Susan Sandson  
3842 Wonderland Hill  
Boulder, Co. 80304

Liza Richeimer c/o Susan Sandson 3842 Wonderland Hill Boulder, Co. 80304	658
Mark Baumgarten Ravin, Sarasohn, Cook, Baumgarten, Fisch & Baime 103 Eisenhower Parkway Roseland, NJ 07068	2,964
	A-4
Jeffrey Fisch Ravin, Sarasohn, Cook, Baumgarten, Fisch & Baime 103 Eisenhower Parkway Roseland, NJ 07068	2,964
James Nugent 608 North Blvd. Belmar, NJ 07719	14,783
Michael K. Nevins 35 Birdseye Glen Verona, NJ 07044	5,618
Rose Cali 61 Wayside Place Montclair, NJ 07042	2,663
Angelo R. Cali Irrevocable Trust dated January 28, 1975 f/b/o Angela Cali c/o Edward Leshowitz Cali Associates 11 Commerce Drive Cranford, NJ 07016	63,522
Angelo R. Cali Irrevocable Trust dated January 28, 1975 f/b/o John R. Cali c/o Edward Leshowitz Cali Associates 11 Commerce Drive Cranford, NJ 07016	63,523
	A-5
Angelo R. Cali Irrevocable Trust dated January 28, 1975 f/b/o Joanne Cali c/o Edward Leshowitz Cali Associates 11 Commerce Drive Cranford, NJ 07016	63,523
Angelo R. Cali Irrevocable Trust dated July 1, 1979 c/o Edward Leshowitz Cali Associates 11 Commerce Drive Cranford, NJ 07016	44,291
John J. Cali Irrevocable Trust dated July 1, 1979 c/o Edward Leshowitz Cali Associates 11 Commerce Drive Cranford, NJ 07016	44,291
P.S.L. Associates c/o Benn Quinn	76,918

Applegate, Quinn & Magee  
78 Main Street  
Madison, NJ 07940

Jonathan A. Bernstein  
c/o Pryor, Cashman, Sherman & Flynn  
410 Park Avenue  
New York, NY 10022

2,964

M.B.M. Associates  
851 Franklin Lakes Road  
Franklin Lakes, NJ 07417

93,458

EMPLOYMENT AGREEMENT  
FOR  
MITCHELL E. HERSH

TABLE OF CONTENTS

	Page
	----
1. Employment.....	2
2. Employment Period.....	2
3. Services / Place of Employment.....	3
4. Compensation and Benefits.....	4
5. Termination of Employment and Change in Control.....	7
6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.....	10
7. Compensation Upon Termination of Employment Upon Death or Disability.....	10
8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.....	13
9. Change in Control.....	14
10. Mitigation / Effect on Employee Benefit Plans and Programs.....	17
11. Confidential Information.....	18
12. Return of Documents.....	19
13. Noncompete.....	19
14. Remedies.....	21
15. Indemnification/Legal Fees.....	21

16. Successors and Assigns.....	22
17. Timing of and No Duplication of Payments.....	24
18. Modification or Waiver.....	24
19. Notices.....	25
20. Governing Law.....	25
21. Severability.....	25
22. Legal Representation.....	26
23. Counterparts.....	26
24. Headings.....	26
25. Entire Agreement.....	26
26. Survival of Agreements.....	27

MITCHELL E. HERSH

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of December  
, 1997, by and between Mitchell E. Hersh, an individual residing in the  
- ----  
State of \_\_\_\_\_  
("Executive"), and Mack-Cali Realty Corporation, a Maryland  
- ----  
corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 (the  
"Company").

RECITALS

Whereas, Executive held the positions of \_\_\_\_\_  
of the Mack Companies and, through such service, has acquired special and unique  
knowledge, abilities and expertise;

Whereas, in connection with the combination of Cali Realty Corporation with  
the Mack Companies (the "Mack Combination") the Company desires to employ  
Executive as President and Chief Operating Officer and to have Executive serve  
as a member of the Board of Directors of the Company (the "Board"), and  
Executive desires to be employed by the Company as President and Chief Operating  
Officer and serve as a member of the Board pursuant to the terms of the  
Agreement.

Now, Therefore, in consideration of the premises and the mutual covenants  
and agreements set forth herein, the parties hereby agree as follows:

1. Employment.

The Company hereby agrees to employ Executive, and Executive hereby agrees  
to accept such employment during the period and upon the terms and conditions  
set forth in this Agreement.

2. Employment Period.

(a) Except as otherwise provided in this Agreement to the contrary,  
the terms and conditions of this Agreement shall be and remain in effect during  
the period of employment (the "Employment Period") established under this  
Paragraph 2. The initial Employment Period shall be for a term commencing on  
the date of this Agreement and ending on the fifth anniversary of the date of  
this Agreement provided, however, that commencing on the day after the date of  
this Agreement and on each day thereafter, the Employment Period shall be  
extended for one additional day so that a constant five (5) year Employment  
Period shall be in effect, unless (i) the Company or Executive elects not to  
extend the term of this Agreement by giving written notice to the other party in  
accordance with Paragraph 19, in which case, subject to the provisions of  
sub-paragraph 5(a)(iv) below, the term of this Agreement shall become fixed and  
shall end on the fifth anniversary of the date of such written notice ("Notice  
of Non-Renewal"), or (ii) Executive's employment terminates hereunder.

(b) Notwithstanding anything contained herein to the contrary: (i)

Executive's employment with the Company may be terminated by the Company or Executive during the Employment Period, subject to the terms and conditions of this Agreement; and (ii) nothing in this Agreement shall mandate or prohibit a continuation

2

of Executive's employment following the expiration of the Employment Period upon such terms and conditions as the Board and Executive may mutually agree.

(c) If Executive's employment with the Company is terminated, for purposes of this Agreement the term "Unexpired Employment Period" shall mean the period commencing on the date of such termination and ending on the last day of the Employment Period.

### 3. Services / Place of Employment.

(a) Services. During the Employment Period, Executive shall hold the positions of President and Chief Operating Officer of the Company and shall serve as a member of the Board. Executive shall devote his best efforts and substantially all of his business time, skill and attention to the business of the Company (other than absences due to vacation, illness, disability or approved leave of absence), and shall perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Board or Executive Committee of the Board; provided, however, that the foregoing is not intended to (a) preclude Executive from (i) owning and managing personal investments, including real estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (b) restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto, (the "Excluded Properties"), provided that the performance of the activities referred to in clauses (a)

3

and (b) does not prevent Executive from devoting substantially all of his business time to the Company.

(b) Place of Employment. The principal place of employment of Executive shall be at the Company's principal executive offices in Cranford, New Jersey.

### 4. Compensation and Benefits.

(a) Salary. During the Employment Period, the Company shall pay Executive a minimum annual base salary in the amount of \$1,050,000 (the "Annual Base Salary") payable in accordance with the Company's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Company from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Option and Executive Compensation Committee of the Board (the "Compensation Committee"). In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent.

(b) Incentive Compensation/Bonuses. In addition, Executive shall be eligible for incentive compensation payable each year in such amounts as may be determined by the Compensation Committee based upon, among other factors, growth in Funds from Operations per Common Share (as hereinafter defined) for the year. Executive shall be entitled to receive such bonuses and options to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") as the Board or the Compensation Committee as the case may be shall approve, in its

4

sole discretion, including, without limitation, options and bonuses contingent upon Executive's performance and the achievement of specified financial and operating objectives for Funds from Operations per Common Share. For purposes of this Agreement, "Funds from Operations per Common Share" for any period shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring and sale of property, plus real estate return, depreciation and amortization as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, as amended from time to time, and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Employment Period, divided by (ii) the sum of (A) the primary weighted average number of outstanding shares of Common Stock as it appears in the Company's financial statement for the applicable period and

(B) the primary weighted average number of outstanding common limited partnership units ("Common OP Units") of Mack-Cali Realty, L.P., a Delaware limited partnership (the "Partnership") of which the Company is the sole general partner, for the applicable period. All classes of preferred stock which are convertible into Common Stock and all classes of preferred or other units which are convertible into Common OP Units shall be treated as if they have been converted into Common Stock or Common OP Units and shall be included in the denominator, irrespective of any waiting period which must elapse prior to conversion.

(c) Taxes and Withholding. The Company shall have the right to deduct and withhold from all compensation all social security and other federal, state

5

and local taxes and charges which currently are or which hereafter may be required by law to be so deducted and withheld.

(d) Additional Benefits. In addition to the compensation specified above and other benefits provided pursuant to this Paragraph 4, Executive shall be entitled to the following benefits:

- (i) participation in the Employee Stock Option Plan of Cali Realty Corporation, the Cali Realty Corporation 401(k) Savings and Retirement Plan (subject to statutory rules and maximum contributions and non-discrimination requirements applicable to 401(k) plans) and such other benefit plans and programs, including but not limited to restricted stock, phantom stock and/or unit awards, loan programs and any other incentive compensation plans or programs (whether or not employee benefit plans or programs), as maintained by the Company from time to time and made generally available to executives of the Company with such participation to be consistent with reasonable Company guidelines;
- (ii) participation in any health insurance, disability insurance, paid vacation, group life insurance or other welfare benefit program made generally available to executives of the Company; and
- (iii) participation in the security plan and reimbursement for reasonable business expenses incurred by Executive in furtherance of the interests of the Company.

As further consideration for Executive agreeing to serve as an officer and entering into this Agreement upon the terms set forth herein, including, without limitation, the terms relating to non-competition set forth in Paragraph 13 below, the Company is issuing to Executive, warrants to purchase an aggregate of 340,000 shares of Common Stock at a purchase price equal to fair market value on the date of the consummation of the Mack Combination ("Warrants"). Executive's Warrants shall be evidenced by the Warrant Agreement dated December \_\_, 1997 which shall include, but not be limited to, the following provision: vesting over a five year period with one

6

fifth (1/5) of the Warrants vesting on each of the first, second, third, fourth and fifth anniversaries of the date of the Warrant Agreement. For purposes of this issuance "fair market value" shall mean the closing price as quoted on the New York Stock Exchange at the end of the last business day preceding the date of the grant as reported in the New York edition of the Wall Street Journal.

#### 5. Termination of Employment and Change in Control.

(a) Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

- (i) Cause. The Company shall have the right to terminate Executive's employment for Cause upon Executive's: (A) willful and continued failure to use best efforts to substantially perform his duties hereunder (other than any such failure resulting from Executive's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes Executive has not substantially performed his duties; (B) willful misconduct and/or willful violation of Paragraph 11 hereof, which is materially economically injurious to the Company and the Partnership taken as a whole; (C) the willful violation of the provisions of Paragraph 13 hereof; or (D) conviction of, or plea of guilty to a felony. For purposes of this sub-paragraph 5(a), no act, or

failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by him (I) not in good faith and (II) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

- (ii) Death. Executive's employment hereunder shall terminate upon his death.
- (iii) Disability. The Company shall have the right to terminate Executive's employment due to "Disability" in the event that there is a determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to Executive, that Executive has become physically or mentally incapable of performing his duties under this Agreement and such

7

disability has disabled Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

- (iv) Good Reason. Executive shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Company which shall include but not be limited to; an assignment to Executive of duties materially and adversely inconsistent with Executive's status as President or Chief Operating Officer or a member of the Board or a material or adverse alteration in the nature of or diminution in Executive's duties and/or responsibilities, reporting obligations, titles or authority; (B) upon a reduction in Executive's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 hereof; (C) within six (6) months following the date a Notice of Non-Renewal is issued by the Company pursuant to Paragraph 2 hereof; (D) on or within six (6) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in sub-paragraph 5(a)(vii) hereof; (E) any purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of sub-paragraph 5(a)(i) (and for purposes of this Agreement, in the event of such failure to comply, no such purported termination shall be effective); (F) upon the relocation of the Company's principal executive offices or Executive's own office location to a location more than thirty (30) miles away from Cranford, New Jersey; or (G) failure to be appointed or reappointed as a member of the Board.
- (v) Without Cause. The Company shall have the right to terminate the Executive's employment hereunder without Cause subject to the terms and conditions of this Agreement.
- (vi) Without Good Reason. The Executive shall have the right to terminate his employment hereunder without Good Reason subject to the terms and conditions of this Agreement.
- (vii) Change in Control. Executive shall have the right to terminate his employment hereunder on or within six (6) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities

8

Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, (irrespective of any vesting or waiting periods) of (I) Common Stock or any class of stock convertible into Common Stock and/or (II) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection



with the financing of such transaction; (B) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company; (C) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Company and unitholders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole; or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination. Any termination of Executive's employment by the Company or any such termination by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. In the event of

9

the termination of Executive's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.

In the event the Company terminates Executive's employment for Cause or Executive terminates his employment without Good Reason, the Company shall pay Executive any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination. In addition, in such event, Executive shall be entitled (i) to receive any earned but unpaid incentive compensation or bonuses and (ii) to exercise any options which have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan.

Except for any rights which Executive may have to unpaid salary amounts through and including the date of termination, earned but unpaid incentive compensation or bonuses and vested options, the Company shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

7. Compensation Upon Termination of Employment Upon Death or Disability.

In the event of termination of Executive's employment as a result of either Executive's death or Disability, the Company shall pay to Executive, his estate or his personal representative (i) the unpaid Annual Base Salary at the rate then in effect through the end of the Unexpired Employment Period (the "Annual Base Salary

10

Payment"); (ii) a pro-rata portion, based upon the number of days in the period beginning with the date of the termination of Executive's employment due to death or Disability and ending with the last day of the Unexpired Employment Period, of the cash equivalent of the average annual amount of all other compensation based on the average of the last two (2) calendar years immediately preceding the year in which Executive's termination of employment occurs including, without limitation, incentive compensation payments, bonuses and stock based compensation (e.g., stock options, restricted stock awards, etc.) paid, granted or accreted to Executive during such years (the "Pro-Rata Portion of Other Compensation") and (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"). The aforesaid amounts shall be payable in cash without discount for early payment, at the option of Executive, his estate or his personal representative, either in full immediately upon such termination or monthly over the Unexpired Employment Period (the "Payment Election"). In the event of termination of employment due to Disability, Executive shall also receive continuation of health coverage through the end of the Unexpired Employment Period on the same basis as health coverage is provided by the Company for active employees and as may be amended from time to time ("Medical Continuation").

In addition, all (A) incentive compensations payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including without limitation restricted stock, phantom stock, units

and any loan forgiveness arrangements granted to Executive ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options

11

granted to Executive shall immediately vest as of the date of such termination (the "Vested Options") and Executive shall be entitled at the option of Executive, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of this Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of Executive's termination) to repurchase all or any portion of Executive's vested options to purchase shares of Common Stock at a price equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the shares of Common Stock for which the options to be repurchased are exercisable and the exercise price of such options as of the date of Executive's termination of employment (the "Vested Option Exercise Election"). In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

Except for any rights which Executive may have to all of the above including the Annual Base Salary Payment, the Pro-Rata Portion of Other Compensation, Vested Incentive Compensation, Vested Options, Expense Reimbursement and in the event of a termination of employment due to Disability, Medical Continuation, the Company shall have no further obligations hereunder following such termination.

For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange

12

on which the Common Stock is primarily traded) of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of Executive's employment.

8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.

In the event the Company terminates Executive's employment for any reason other than Cause or Executive terminates his employment for Good Reason, the Company shall pay to Executive and Executive shall be entitled to receive the greater of (i) ten million dollars (\$10,000,000) with such amount subject only to upwards adjustment from time to time by the Compensation Committee (the "Fixed Amount") or (ii) the sum total of (A) the Annual Base Salary Payment and (B) the Pro-Rata Portion of Other Compensation. The aforesaid amount shall be payable in cash without discount for early payment, at the option of Executive, either in full immediately upon such termination or monthly over the Unexpired Employment Period.

In addition, the Executive shall be entitled to receive Vested Incentive Compensation, Vested Options exercisable pursuant to the Vested Option Exercise Election, Medical Continuation, and Expense Reimbursement. Executive understands that any options exercised more than ninety (90) days following the date of his termination of employment which were granted as incentive stock options shall automatically be converted into non-qualified options.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options, Medical Continuation and Expense Reimbursement

13

and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination. The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Executive's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to Executive for the Employment Period.

9. Change in Control.

(a) Options. Any Incentive Compensation and options granted to Executive that have not vested as of the date of a Change in Control shall

immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require Executive to exercise any options. In the event of a conflict between any Incentive Compensation grant agreement or program or any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) Upon Termination. In the event Executive terminates his employment on or following a Change in Control as set forth in sub-paragraph 5(a)(vii), the Company shall pay to Executive and Executive shall be entitled to all the payments and rights Executive would have had if Executive had terminated his employment with Good Reason as set forth in Paragraph 8.

14

The aforesaid amount shall be payable in accordance with Executive's Payment Election.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options (including, without limitation, by acceleration in accordance with sub-paragraph 9(a)), Medical Continuation, Expense Reimbursement and the Excise Tax Gross Up set forth in subparagraph 9(d), and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination.

(c) Retention Payment. Prior to the date of a Change in Control and subject to the approval of the Board, Executive may make an election to receive, as a retention payment, the payments and rights set forth sub-paragraph 9(b) above (the "Retention Payment") and remain in the employ of the successor after the Change in Control. In the event that Executive makes such election and the Board approves the same, this Agreement shall remain in full force and effect except that (i) simultaneously with the receipt of the Retention Payment, Executive shall waive any right to receive any additional payment as a direct result of such Change in Control, and (ii) other than with respect to the consummation of a subsequent transaction which constitutes a Change in Control and is unrelated to the Change in Control with respect to which the Retention Payment was paid, termination payments otherwise due subsequently under this Agreement for any event requiring payment of termination payments under this Agreement which occurs within the six (6) month period immediately following the date

15

of the Change In Control as to which the Retention Payment was paid shall be reduced by the Retention Payment paid to Executive on the date of the Change in Control.

Any cash payments owed to Executive pursuant to this sub-paragraph 9(c) shall be paid to Executive in a single sum without discount for early payment at the time of the Change in Control but prior to the consummation of the transaction with any successor.

(d) Excise Tax Gross Up. In addition, if it is determined by an independent accountant mutually acceptable to the Company and Executive that as a result of any payment in the nature of compensation made by the Company to (or for the benefit of) Executive pursuant to this Agreement or otherwise, an excise tax may be imposed on Executive pursuant to Section 4999 of the Code (or any successor provisions), the Company shall pay Executive in cash an amount equal to X determined under the following formula: (the "Excise Tax Gross Up"):

$$X = \frac{E \times P}{1 - [(FI \times (1 - SLI)) + SLI + E + M]}$$

where

E = the rate at which the excise tax is assessed under Section 4999 of the Code (or any successor provisions);

P = the amount with respect to which such excise tax is assessed, determined without regard to the Excise Tax Gross Up;

FI = the highest effective marginal rate of income tax applicable to Executive under the Code for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions or other similar adjustments);

- SLI = the sum of the highest effective marginal rates of income tax applicable to Executive under all applicable state and local laws for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions and other similar adjustments); and
- M = the highest marginal rate of Medicare tax applicable to Executive under the Code for the taxable year in question.

With respect to any payment in the nature of compensation that is made to (or for the benefit of) Executive under the terms of this Agreement or otherwise and on which an excise tax under Section 4999 of the Code (or any successor provisions) may be assessed, the payment determined under this sub-paragraph 9(d) shall be paid to Executive at the time of the Change in Control but prior to the consummation of the transaction with any successor. It is the intention of the parties that the Company provide Executive with a full tax gross-up under the provisions of this Paragraph, so that on a net after-tax basis, the result to Executive shall be the same as if the excise tax under Section 4999 of the Code (or any successor provisions) had not been imposed. The Excise Tax Gross Up may be adjusted if alternative minimum tax rules are applicable to Executive.

#### 10. Mitigation / Effect on Employee Benefit Plans and Programs.

(a) Mitigation. Executive shall not be required to mitigate amounts payable under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment. Amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive and such payment

shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense, or other right which the Company may have against Executive or others.

(b) Effect on Employee Benefit Programs. The termination of Executive's employment hereunder, whether by the Company or Executive, shall have no effect on the rights and obligations of the parties hereto under the Company's (i) welfare benefit plans including, without limitation, Medical Continuation as provided for herein and, health coverage thereafter but only to the extent required by law, and on the same basis applicable to other employees and (ii) 401(k) Plan but only to the extent required by law and pursuant to the terms of the 401(k) Plan.

#### 11. Confidential Information.

(a) Executive understands and acknowledges that during his employment with the Company, he will be exposed to Confidential Information (as defined below), all of which is proprietary and which will rightfully belong to the Company. Executive shall hold in a fiduciary capacity for the benefit of the Company such Confidential Information obtained by Executive during his employment with the Company and shall not, directly or indirectly, at any time, either during or after his employment with the Company, without the Company's prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than the Company or its employees, attorneys, accountants, financial advisors, consultants, or investment bankers except as required in the performance of his duties for the Company or as otherwise required by law. Executive

shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft.

(b) The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry or otherwise not generally available to the public, which was obtained from the Company or its predecessors or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company or its predecessors. For purposes of this Paragraph 11, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

#### 12. Return of Documents.

Except for such items which are of a personal nature to Executive (e.g., daily business planner), all writings, records, and other documents and things containing any Confidential Information shall be the exclusive property of the Company, shall not be copied, summarized, extracted from, or removed from the premises of the Company, except in pursuit of the business of the Company and at the direction of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of Executive's employment or at any time as requested by the Company.

13. Noncompete.

Executive agrees that:

19

(a) During the Employment Period and, in the event (i) the Company terminates Executive's employment for Cause, or (ii) Executive terminates his employment without Good Reason, for a one (1) year period thereafter, Executive shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise primarily engaged in any office-service, flex, or office property development, acquisition or management activities without regard to whether or not such activities compete with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to the Excluded Properties, if any, provided that during the Employment Period the performance of such activities does not prevent Executive from devoting substantially all of his business time to the Company.

(b) If, at the time of enforcement of this Paragraph 13, a court shall hold that the duration, scope, area or other restrictions stated herein are unreasonable, the parties agree that reasonable maximum duration, scope, area or other restrictions may be substituted by such court for the stated duration, scope, area or other restrictions and upon substitution by such court, this Agreement shall be automatically modified without further action by the parties hereto.

20

(c) For purposes of this Paragraph 13, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

14. Remedies.

The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained in Paragraphs 11, 12 or 13 of this Agreement. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of Paragraphs 11, 12 or 13 of this Agreement, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions thereof.

15. Indemnification/Legal Fees.

(a) Indemnification. In the event the Executive is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Executive's employment with or serving as an officer or director of the Company, whether or not the basis of such Proceeding is alleged action in an official capacity, the Company shall indemnify, hold harmless and defend Executive to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims,

21

demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Executive in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Executive) and such indemnification shall continue as to Executive even after Executive is no longer employed by the Company and shall inure to the benefit of

his heirs, executors, and administrators. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such expenses; but, only in the event that Executive shall have delivered in writing to the Company an undertaking to reimburse the Company for expenses with respect to which Executive is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Executive under any separate agreement, or the by-laws of the Company since it is intended that this Agreement shall expand and extend the Executive's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Company and Executive regarding or as a result of any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

22

#### 16. Successors and Assigns.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of an such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if Executive terminated his employment hereunder within six (6) months of a Change in Control as set forth in Paragraph 9, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Executive pursuant to this Paragraph 16 shall be paid to Executive in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor.

23

(b) This Agreement and all rights of Executive hereunder may be transferred only by will or the laws of descent and distribution. Upon Executive's death, this Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's beneficiary or beneficiaries, personal or legal representatives, or estate, to the extent any such person succeeds to Executive's interests under this Agreement. Executive shall be entitled to select and change a beneficiary or beneficiaries to receive any benefit or compensation payable hereunder following Executive's death by giving Company written notice thereof. If Executive should die following the date of termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, including, without limitation, under any applicable plan, or otherwise to his legal representatives or estate.

#### 17. Timing of and No Duplication of Payments.

All payments payable to Executive pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

#### 18. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing

24

signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or Executive of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Executive's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

19. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Company at the address set forth above or Executive at his address as set forth in the Company records (or to such other address as shall have been previously provided in accordance with this Paragraph 19).

20. Governing Law.

25

This agreement will be governed by and construed in accordance with the laws of the State of New Jersey except as to Paragraph 15(a), without regard to principles of conflicts of laws thereunder.

21. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of sub-paragraph 13(b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

22. Legal Representation.

Each of the Company and Executive have been represented by counsel with respect to this Agreement.

23. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement.

24. Headings.

26

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

25. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

26. Survival of Agreements.

The covenants made in Paragraphs 5 through 15 and 21 each shall survive the termination of this Agreement.

In Witness Whereof, the undersigned have executed this Agreement as of the date first above written.

MACK-CALI REALTY CORPORATION

By: -----  
Name:  
Title:

-----  
Mitchell E. Hersh

27

SCHEDULE A

Properties listed on Schedule 5.1(r) to the Contribution and Exchange Agreement between the MK Contributors, the MK Entities, the Patriot Contributors, the Patriot Entities, Patriot American Management and Leasing Corp., the Partnership and the Company dated September 18, 1997, as amended by that certain First Amendment dated as of December , 1997 in which Mitchell E. Hersh has an interest.

A passive investment interest in properties permitted to be developed, acquired or managed by Mack-Arizona Corporation and its affiliates and subsidiaries.

28



EMPLOYMENT AGREEMENT

FOR

THOMAS A. RIZK

TABLE OF CONTENTS

	Page
	----
1. Employment.....	2
2. Employment Period.....	2
3. Services / Place of Employment.....	3
4. Compensation and Benefits.....	4
5. Termination of Employment and Change in Control.....	6
6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.....	9
7. Compensation Upon Termination of Employment Upon Death or Disability.....	10
8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.....	12
9. Change in Control.....	13
10. Mitigation / Effect on Employee Benefit Plans and Programs.....	17
11. Confidential Information.....	17
12. Return of Documents.....	18
13. Noncompete.....	19
14. Remedies.....	20
15. Indemnification/Legal Fees.....	21
16. Successors and Assigns.....	22
17. Timing of and No Duplication of Payments.....	23
18. Modification or Waiver.....	24
19. Notices.....	24
20. Governing Law.....	25
21. Severability.....	25
22. Legal Representation.....	25
23. Counterparts.....	25
24. Headings.....	26
25. Entire Agreement.....	26
26. Survival of Agreements.....	26

THOMAS A. RIZK

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of December , 1997, by and between Thomas A. Rizk, an individual residing in the State of New Jersey ("Executive"), and Mack-Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 (the "Company").

#### RECITALS

Whereas, Executive held the positions of Chief Executive Officer and President of the Company and served as a member of the Board of Directors of the Company (the "Board") pursuant to his prior employment agreement dated as of January 21, 1997 (the "Prior Agreement") and prior thereto and, through such service, has acquired special and unique knowledge, abilities and expertise;

Whereas, in connection with the combination of Cali Realty Corporation with the Mack Companies (the "Mack Combination") the Prior Agreement is canceled effective as of the closing of the Mack Combination; and

Whereas, the Company desires to continue to employ Executive as Chief Executive Officer and to have Executive serve as a member of the Board, and Executive desires to continue to be employed by the Company as Chief Executive Officer and serve as a member of the Board pursuant to the terms of the Agreement.

Now, Therefore, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

#### 1. Employment.

The Company hereby agrees to employ Executive, and Executive hereby agrees to accept such employment during the period and upon the terms and conditions set forth in this Agreement.

#### 2. Employment Period.

(a) Except as otherwise provided in this Agreement to the contrary, the terms and conditions of this Agreement shall be and remain in effect during the period of employment (the "Employment Period") established under this Paragraph 2. The initial Employment Period shall be for a term commencing on the date of this Agreement and ending on the fifth anniversary of the date of this Agreement provided, however, that commencing on the day after the date of this Agreement and on each day thereafter, the Employment Period shall be extended for one additional day so that a constant five (5) year Employment Period shall be in effect, unless (i) the Company or Executive elects not to extend the term of this Agreement by giving written notice to the other party in accordance with Paragraph 19, in which case, subject to the provisions of sub-paragraph 5(a)(iv) below, the term of this Agreement shall become fixed and shall end on the fifth anniversary of the date of such written notice ("Notice of Non-Renewal"), or (ii) Executive's employment terminates hereunder.

(b) Notwithstanding anything contained herein to the contrary: (i) Executive's employment with the Company may be terminated by the Company or Executive during the Employment Period, subject to the terms and conditions of this Agreement; and (ii) nothing in this Agreement shall mandate or prohibit a continuation

2

of Executive's employment following the expiration of the Employment Period upon such terms and conditions as the Board and Executive may mutually agree.

(c) If Executive's employment with the Company is terminated, for purposes of this Agreement the term "Unexpired Employment Period" shall mean the period commencing on the date of such termination and ending on the last day of the Employment Period.

#### 3. Services / Place of Employment.

(a) Services. During the Employment Period, Executive shall hold the position of Chief Executive Officer of the Company and shall serve as a member of the Board. Executive shall devote his best efforts and substantially all of his business time, skill and attention to the business of the Company (other than absences due to vacation, illness, disability or approved leave of absence), and shall perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Board or Executive Committee of the Board; provided, however, that the foregoing is not intended to (a) preclude Executive from (i) owning and managing personal investments, including real estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (b) restrict or otherwise limit Executive from conducting real estate

development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto, (the "Excluded Properties"), provided that the performance of the activities referred to in clauses (a)

3

and (b) does not prevent Executive from devoting substantially all of his business time to the Company.

(b) Place of Employment. The principal place of employment of Executive shall be at the Company's principal executive offices in Cranford, New Jersey.

#### 4. Compensation and Benefits.

(a) Salary. During the Employment Period, the Company shall pay Executive a minimum annual base salary in the amount of \$1,050,000 (the "Annual Base Salary") payable in accordance with the Company's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Company from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Option and Executive Compensation Committee of the Board (the "Compensation Committee"). In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent.

(b) Incentive Compensation/Bonuses. In addition, Executive shall be eligible for incentive compensation payable each year in such amounts as may be determined by the Compensation Committee based upon, among other factors, growth in Funds from Operations per Common Share (as hereinafter defined) for the year. Executive shall be entitled to receive such bonuses and options to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") as the Board or the Compensation Committee as the case may be shall approve, in its

4

sole discretion, including, without limitation, options and bonuses contingent upon Executive's performance and the achievement of specified financial and operating objectives for Funds from Operations per Common Share. For purposes of this Agreement, "Funds from Operations per Common Share" for any period shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring and sale of property, plus real estate return, depreciation and amortization as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, as amended from time to time, and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Employment Period, divided by (ii) the sum of (A) the primary weighted average number of outstanding shares of Common Stock as it appears in the Company's financial statement for the applicable period and (B) the primary weighted average number of outstanding common limited partnership units ("Common OP Units") of Mack-Cali Realty, L.P., a Delaware limited partnership (the "Partnership") of which the Company is the sole general partner, for the applicable period. All classes of preferred stock which are convertible into Common Stock and all classes of preferred or other units which are convertible into Common OP Units shall be treated as if they have been converted into Common Stock or Common OP Units and shall be included in the denominator, irrespective of any waiting period which must elapse prior to conversion.

(c) Taxes and Withholding. The Company shall have the right to deduct and withhold from all compensation all social security and other federal, state

5

and local taxes and charges which currently are or which hereafter may be required by law to be so deducted and withheld.

(d) Additional Benefits. In addition to the compensation specified above and other benefits provided pursuant to this Paragraph 4, Executive shall be entitled to the following benefits:

- (i) participation in the Employee Stock Option Plan of Cali Realty Corporation, the Cali Realty Corporation 401(k) Savings and Retirement Plan (subject to statutory rules and maximum contributions and non-discrimination requirements applicable to 401(k) plans) and such other benefit plans and programs, including but not limited to restricted stock, phantom stock and/or unit awards, loan programs and any other incentive compensation plans or programs (whether or not employee benefit plans or programs), as maintained by the Company from time to time

and made generally available to executives of the Company with such participation to be consistent with reasonable Company guidelines;

- (ii) participation in any health insurance, disability insurance, paid vacation, group life insurance or other welfare benefit program made generally available to executives of the Company; and
- (iii) participation in the security plan and reimbursement for reasonable business expenses incurred by Executive in furtherance of the interests of the Company.

5. Termination of Employment and Change in Control.

(a) Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

- (i) Cause. The Company shall have the right to terminate Executive's employment for Cause upon Executive's: (A) willful and continued failure to use best efforts to substantially perform his duties hereunder (other than any such failure resulting from Executive's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes Executive has not substantially

6

performed his duties; (B) willful misconduct and/or willful violation of Paragraph 11 hereof, which is materially economically injurious to the Company and the Partnership taken as a whole; (C) the willful violation of the provisions of Paragraph 13 hereof; or (D) conviction of, or plea of guilty to a felony. For purposes of this sub-paragraph 5(a), no act, or failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by him (I) not in good faith and (II) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

- (ii) Death. Executive's employment hereunder shall terminate upon his death.
- (iii) Disability. The Company shall have the right to terminate Executive's employment due to "Disability" in the event that there is a determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to Executive, that Executive has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.
- (iv) Good Reason. Executive shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Company which shall include but not be limited to; an assignment to Executive of duties materially and adversely inconsistent with Executive's status as Chief Executive Officer or a member of the Board or a material or adverse alteration in the nature of or diminution in Executive's duties and/or responsibilities, reporting obligations, titles or authority; (B) upon a reduction in Executive's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 hereof; (C) within six (6) months following the date a Notice of Non-Renewal is issued by the Company pursuant to Paragraph 2 hereof; (D) on or within six (6) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in sub-paragraph 5(a)(vii) hereof; (E) any purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of sub-paragraph 5(a)(i) (and for purpose of this Agreement, in the event of such failure to comply, no such purported termination shall be effective); (F) upon the relocation of the Company's principal executive offices or Executive's own office location to a location

7

more than thirty (30) miles away from Cranford, New Jersey; or (G) failure to be appointed or reappointed as a member of the Board.

- (v) Without Cause. The Company shall have the right to terminate the Executive's employment hereunder without Cause subject to the terms and conditions of this Agreement.

- (vi) Without Good Reason. The Executive shall have the right to terminate his employment hereunder without Good Reason subject to the terms and conditions of this Agreement.
- (vii) Change in Control. Executive shall have the right to terminate his employment hereunder on or within six (6) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, (irrespective of any vesting or waiting periods) of (I) Common Stock or any class of stock convertible into Common Stock and/or (II) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; (B) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company; (C) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Company and unitholders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole; or (D) a turnover, during any two (2) year period, of the majority of

8

the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination. Any termination of Executive's employment by the Company or any such termination by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. In the event of the termination of Executive's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.

In the event the Company terminates Executive's employment for Cause or Executive terminates his employment without Good Reason, the Company shall pay Executive any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination. In addition, in such event, Executive shall be entitled (i) to receive any earned but unpaid incentive compensation or bonuses and (ii) to exercise any options which have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan.

Except for any rights which Executive may have to unpaid salary amounts through and including the date of termination, earned but unpaid incentive

9

compensation or bonuses and vested options, the Company shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

7. Compensation Upon Termination of Employment Upon Death or Disability.

In the event of termination of Executive's employment as a result of either Executive's death or Disability, the Company shall pay to Executive,

his estate or his personal representative (i) the unpaid Annual Base Salary at the rate then in effect through the end of the Unexpired Employment Period (the "Annual Base Salary Payment"); (ii) a pro-rata portion, based upon the number of days in the period beginning with the date of the termination of Executive's employment due to death or Disability and ending with the last day of the Unexpired Employment Period, of the cash equivalent of the average annual amount of all other compensation based on the average of the last two (2) calendar years immediately preceding the year in which Executive's termination of employment occurs including, without limitation, incentive compensation payments, bonuses and stock based compensation (e.g., stock options, restricted stock awards, etc.) paid, granted or accreted to Executive during such years (the "Pro-Rata Portion of Other Compensation") and (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"). The aforesaid amounts shall be payable in cash without discount for early payment, at the option of Executive, his estate or his personal representative, either in full immediately upon such termination or monthly over the Unexpired Employment Period (the "Payment

10

Election"). In the event of termination of employment due to Disability, Executive shall also receive continuation of health coverage through the end of the Unexpired Employment Period on the same basis as health coverage is provided by the Company for active employees and as may be amended from time to time ("Medical Continuation").

In addition, all (A) incentive compensations payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including without limitation restricted stock, phantom stock, units and any loan forgiveness arrangements granted to Executive ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to Executive shall immediately vest as of the date of such termination (the "Vested Options") and Executive shall be entitled at the option of Executive, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of this Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of Executive's termination) to repurchase all or any portion of Executive's vested options to purchase shares of Common Stock at a price equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the shares of Common Stock for which the options to be repurchased are exercisable and the exercise price of such options as of the date of Executive's termination of employment (the "Vested Option Exercise

11

Election"). In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

Except for any rights which Executive may have to all of the above including the Annual Base Salary Payment, the Pro-Rata Portion of Other Compensation, Vested Incentive Compensation, Vested Options, Expense Reimbursement and in the event of a termination of employment due to Disability, Medical Continuation, the Company shall have no further obligations hereunder following such termination.

For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange on which the Common Stock is primarily traded) of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of Executive's employment.

8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.

In the event the Company terminates Executive's employment for any reason other than Cause or Executive terminates his employment for Good Reason, the Company shall pay to Executive and Executive shall be entitled to receive the greater of (i) ten million dollars (\$10,000,000) with such amount subject only to upwards adjustment from time to time by the Compensation Committee (the "Fixed Amount") or (ii) the sum total of (A) the Annual Base Salary Payment and (B) the Pro-Rata Portion of Other Compensation. The aforesaid amount shall be payable in cash without discount

12

for early payment, at the option of Executive, either in full immediately upon such termination or monthly over the Unexpired Employment Period.

In addition, the Executive shall be entitled to receive Vested Incentive

Compensation, Vested Options exercisable pursuant to the Vested Option Exercise Election, Medical Continuation, and Expense Reimbursement. Executive understands that any options exercised more than ninety (90) days following the date of his termination of employment which were granted as incentive stock options shall automatically be converted into non-qualified options.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options, Medical Continuation and Expense Reimbursement and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination. The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Executive's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to Executive for the Employment Period.

#### 9. Change in Control.

(a) Options. Any Incentive Compensation and options granted to Executive that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor

13

the vesting in any options as a result thereof shall require Executive to exercise any options. In the event of a conflict between any Incentive Compensation grant agreement or program or any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) Upon Termination. In the event Executive terminates his employment on or following a Change in Control as set forth in sub-paragraph 5(a)(vii), the Company shall pay to Executive and Executive shall be entitled to all the payments and rights Executive would have had if Executive had terminated his employment with Good Reason as set forth in Paragraph 8.

The aforesaid amount shall be payable in accordance with Executive's Payment Election.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options (including, without limitation, by acceleration in accordance with sub-paragraph 9(a)), Medical Continuation, Expense Reimbursement and the Excise Tax Gross Up set forth in subparagraph 9(d), and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination.

(c) Retention Payment. Prior to the date of a Change in Control and subject to the approval of the Board, Executive may make an election to receive, as a retention payment, the payments and rights set forth sub-paragraph 9(b) above (the "Retention Payment") and remain in the employ of the successor after the Change in Control. In the event that Executive makes such election and the Board approves the

14

same, this Agreement shall remain in full force and effect except that (i) simultaneously with the receipt of the Retention Payment, Executive shall waive any right to receive any additional payment as a direct result of such Change in Control, and (ii) other than with respect to the consummation of a subsequent transaction which constitutes a Change in Control and is unrelated to the Change in Control with respect to which the Retention Payment was paid, termination payments otherwise due subsequently under this Agreement for any event requiring payment of termination payments under this Agreement which occurs within the six (6) month period immediately following the date of the Change In Control as to which the Retention Payment was paid shall be reduced by the Retention Payment paid to Executive on the date of the Change in Control.

Any cash payments owed to Executive pursuant to this sub-paragraph 9(c) shall be paid to Executive in a single sum without discount for early payment at the time of the Change in Control but prior to the consummation of the transaction with any successor.

(d) Excise Tax Gross Up. In addition, if it is determined by an independent accountant mutually acceptable to the Company and Executive that as a result of any payment in the nature of compensation made by the Company to (or for the benefit of) Executive pursuant to this Agreement or otherwise, an excise tax may be imposed on Executive pursuant to Section 4999 of the Code (or any successor provisions), the Company shall pay Executive in cash an amount equal to X determined under the following formula: (the "Excise Tax

$$X = \frac{E \times P}{1 - [(FI \times (1 - SLI)) + SLI + E + M]}$$

where

- E = the rate at which the excise tax is assessed under Section 4999 of the Code (or any successor provisions);
- P = the amount with respect to which such excise tax is assessed, determined without regard to the Excise Tax Gross Up;
- FI = the highest effective marginal rate of income tax applicable to Executive under the Code for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions or other similar adjustments);
- SLI = the sum of the highest effective marginal rates of income tax applicable to Executive under all applicable state and local laws for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions and other similar adjustments); and
- M = the highest marginal rate of Medicare tax applicable to Executive under the Code for the taxable year in question.

With respect to any payment in the nature of compensation that is made to (or for the benefit of) Executive under the terms of this Agreement or otherwise and on which an excise tax under Section 4999 of the Code (or any successor provisions) may be assessed, the payment determined under this sub-paragraph 9(d) shall be paid to Executive at the time of the Change in Control but prior to the consummation of the transaction with any successor. It is the intention of the parties that the Company provide Executive with a full tax gross-up under the provisions of this Paragraph, so that on a net after-tax basis, the result to Executive shall be the same as if the excise tax under Section 4999 of the Code (or any successor provisions) had not been

imposed. The Excise Tax Gross Up may be adjusted if alternative minimum tax rules are applicable to Executive.

10. Mitigation / Effect on Employee Benefit Plans and Programs.

(a) Mitigation. Executive shall not be required to mitigate amounts payable under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment. Amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive and such payment shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense, or other right which the Company may have against Executive or others.

(b) Effect on Employee Benefit Programs. The termination of Executive's employment hereunder, whether by the Company or Executive, shall have no effect on the rights and obligations of the parties hereto under the Company's (i) welfare benefit plans including, without limitation, Medical Continuation as provided for herein and, health coverage thereafter but only to the extent required by law, and on the same basis applicable to other employees and (ii) 401(k) Plan but only to the extent required by law and pursuant to the terms of the 401(k) Plan.

11. Confidential Information.

(a) Executive understands and acknowledges that during his employment with the Company, he will be exposed to Confidential Information (as

defined below), all of which is proprietary and which will rightfully belong to the Company. Executive shall hold in a fiduciary capacity for the benefit of the Company such Confidential Information obtained by Executive during his employment with the Company and shall not, directly or indirectly, at any time, either during or after his employment with the Company, without the Company's prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than the Company or its employees, attorneys, accountants, financial advisors, consultants, or investment bankers except as required in the performance of his duties for the Company or as otherwise required by law.



Executive shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft.

(b) The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry or otherwise not generally available to the public, which was obtained from the Company or its predecessors or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company or its predecessors. For purposes of this Paragraph 11, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

12. Return of Documents.

18

Except for such items which are of a personal nature to Executive (e.g., daily business planner), all writings, records, and other documents and things containing any Confidential Information shall be the exclusive property of the Company, shall not be copied, summarized, extracted from, or removed from the premises of the Company, except in pursuit of the business of the Company and at the direction of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of Executive's employment or at any time as requested by the Company.

13. Noncompete.

Executive agrees that:

(a) During the Employment Period and, in the event (i) the Company terminates Executive's employment for Cause, or (ii) Executive terminates his employment without Good Reason, for a one (1) year period thereafter, Executive shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise primarily engaged in any office-service, flex, or office property development, acquisition or management activities without regard to whether or not such activities compete with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect

19

to the Excluded Properties, if any, provided that during the Employment Period the performance of such activities does not prevent Executive from devoting substantially all of his business time to the Company.

(b) If, at the time of enforcement of this Paragraph 13, a court shall hold that the duration, scope, area or other restrictions stated herein are unreasonable, the parties agree that reasonable maximum duration, scope, area or other restrictions may be substituted by such court for the stated duration, scope, area or other restrictions and upon substitution by such court, this Agreement shall be automatically modified without further action by the parties hereto.

(c) For purposes of this Paragraph 13, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

14. Remedies.

The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained in Paragraphs 11, 12 or 13 of this Agreement. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of Paragraphs 11, 12 or 13 of this Agreement, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions thereof.

20

15. Indemnification/Legal Fees.

(a) Indemnification. In the event the Executive is made party or threatened to be made a party to any action, suit or proceeding, whether

civil, criminal, administrative or investigative (a "Proceeding"), by reason of Executive's employment with or serving as an officer or director of the Company, whether or not the basis of such Proceeding is alleged action in an official capacity, the Company shall indemnify, hold harmless and defend Executive to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Executive in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Executive) and such indemnification shall continue as to Executive even after Executive is no longer employed by the Company and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such expenses; but, only in the event that Executive shall have delivered in writing to the Company an undertaking to reimburse the Company for expenses with respect to which Executive is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Executive under any separate agreement, or the by-laws of the Company since it is intended that this Agreement shall expand and extend the Executive's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Company and Executive regarding or as a result of any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred

21

by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

#### 16. Successors and Assigns.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of an such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if Executive terminated his employment hereunder within six (6) months of a Change in Control as set forth in Paragraph 9, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 16 or which otherwise becomes

22

bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Executive pursuant to this Paragraph 16 shall be paid to Executive in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor.

(b) This Agreement and all rights of Executive hereunder may be transferred only by will or the laws of descent and distribution. Upon Executive's death, this Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's beneficiary or beneficiaries, personal or legal representatives, or estate, to the extent any such person succeeds to Executive's interests under this Agreement. Executive shall be entitled to select and change a beneficiary or beneficiaries to receive any benefit or compensation payable hereunder following Executive's death by giving Company written notice thereof. If Executive should die following the date of termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, including, without limitation, under any applicable plan, or otherwise to his legal representatives or estate.

#### 17. Timing of and No Duplication of Payments.

All payments payable to Executive pursuant to this Agreement shall be

paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

23

18. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or Executive of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Executive's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

19. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Company at the address set forth above or Executive at his address as set forth in the Company

24

records (or to such other address as shall have been previously provided in accordance with this Paragraph 19).

20. Governing Law.

This agreement will be governed by and construed in accordance with the laws of the State of New Jersey except as to Paragraph 15(a), without regard to principles of conflicts of laws thereunder.

21. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of sub-paragraph 13(b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

22. Legal Representation.

Each of the Company and Executive have been represented by counsel with respect to this Agreement.

23. Counterparts.

25

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement.

24. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

25. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. The parties recognize that the Prior Agreement dated as of January 21, 1997 has been canceled.

26. Survival of Agreements.

The covenants made in Paragraphs 5 through 15 and 21 each shall survive the termination of this Agreement.

In Witness Whereof, the undersigned have executed this Agreement as of the date first above written.

MACK-CALI REALTY CORPORATION

26

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

\_\_\_\_\_  
Thomas A. Rizk

27

SCHEDULE A

Those properties described in the Prospectus of Cali Realty Corporation for the sale of 10,500,000 Shares dated August 24, 1994, in the section entitled "Business and Properties -- Excluded Properties".

28

EMPLOYMENT AGREEMENT

FOR

BRANT CALI

TABLE OF CONTENTS

	Page
	----
1. Employment.....	2
2. Employment Period.....	2
3. Services / Place of Employment.....	3
4. Compensation and Benefits.....	4
5. Termination of Employment and Change in Control.....	6
6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.....	9
7. Compensation Upon Termination of Employment Upon Death or Disability.....	10
8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.....	12
9. Change in Control.....	13
10. Mitigation / Effect on Employee Benefit Plans and Programs.....	17
11. Confidential Information.....	17
12. Return of Documents.....	18
13. Noncompete.....	19
14. Remedies.....	20
15. Indemnification/Legal Fees.....	21
16. Successors and Assigns.....	22
17. Timing of and No Duplication of Payments.....	24
18. Modification or Waiver.....	24
19. Notices.....	25
20. Governing Law.....	25
21. Severability.....	25
22. Legal Representation.....	26
23. Counterparts.....	26
24. Headings.....	26
25. Entire Agreement.....	26
26. Survival of Agreements.....	26

BRANT CALI

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of December , 1997, by and between Brant Cali, an individual residing at 175 Eagle Rock Way, Montclair, New Jersey 07042 ("Executive"), and Mack-Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 (the "Company").

RECITALS

Whereas, Executive held the positions of Chief Operating Officer and Secretary of the Company pursuant to his prior employment agreement dated as of January 21, 1997 (the "Prior Agreement") and prior thereto and, through such service, has acquired special and unique knowledge, abilities and expertise;

Whereas, in connection with the combination of Cali Realty Corporation with the Mack Companies (the "Mack Combination") the Prior Agreement is canceled effective as of the closing of the Mack Combination; and

Whereas, the Company desires to employ Executive as Executive Vice President and Secretary, and Executive desires to be employed by the Company as Executive Vice President and Secretary, pursuant to the terms of the

Agreement.

Now, Therefore, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

1. Employment.

The Company hereby agrees to employ Executive, and Executive hereby agrees to accept such employment during the period and upon the terms and conditions set forth in this Agreement.

2. Employment Period.

(a) Except as otherwise provided in this Agreement to the contrary, the terms and conditions of this Agreement shall be and remain in effect during the period of employment (the "Employment Period") established under this Paragraph 2. The initial Employment Period shall be for a term commencing on the date of this Agreement and ending on the fifth anniversary of the date of this Agreement provided, however, that commencing on the day after the date of this Agreement and on each day thereafter, the Employment Period shall be extended for one additional day so that a constant five (5) year Employment Period shall be in effect, unless (i) the Company or Executive elects not to extend the term of this Agreement by giving written notice to the other party in accordance with Paragraph 19, in which case, subject to the provisions of sub-paragraph 5(a)(iv) below, the term of this Agreement shall become fixed and shall end on the fifth anniversary of the date of such written notice ("Notice of Non-Renewal"), or (ii) Executive's employment terminates hereunder.

(b) Notwithstanding anything contained herein to the contrary: (i) Executive's employment with the Company may be terminated by the Company or Executive during the Employment Period, subject to the terms and conditions of this Agreement; and (ii) nothing in this Agreement shall mandate or prohibit a continuation

2

of Executive's employment following the expiration of the Employment Period upon such terms and conditions as the Board of Directors of the Company (the "Board") and Executive may mutually agree.

(c) If Executive's employment with the Company is terminated, for purposes of this Agreement the term "Unexpired Employment Period" shall mean the period commencing on the date of such termination and ending on the last day of the Employment Period.

3. Services / Place of Employment.

(a) Services. During the Employment Period, Executive shall hold the positions of Executive Vice President and Secretary of the Company. Executive shall devote his best efforts and substantially all of his business time, skill and attention to the business of the Company (other than absences due to vacation, illness, disability or approved leave of absence), and shall perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Chief Executive Officer and President; provided, however, that the foregoing is not intended to (a) preclude Executive from (i) owning and managing personal investments, including real estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (b) restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto, (the "Excluded Properties"), provided that

3

the performance of the activities referred to in clauses (a) and (b) does not prevent Executive from devoting substantially all of his business time to the Company.

(b) Place of Employment. The principal place of employment of Executive shall be at the Company's principal executive offices in Cranford, New Jersey.

4. Compensation and Benefits.

(a) Salary. During the Employment Period, the Company shall pay Executive a minimum annual base salary in the amount of \$325,000 (the "Annual Base Salary") payable in accordance with the Company's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Company from time to time and may be

subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Chief Executive Officer and the President. In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent.

(b) Incentive Compensation/Bonuses. In addition, Executive shall be eligible for incentive compensation payable each year in such amounts as may be determined by the Option and Executive Compensation Committee of the Board (the "Compensation Committee") based upon, among other factors, growth in Funds from Operations per Common Share (as hereinafter defined) for the year. Executive shall be entitled to receive such bonuses and options to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") as the Board or the

4

Compensation Committee as the case may be shall approve, in its sole discretion, including, without limitation, options and bonuses contingent upon Executive's performance and the achievement of specified financial and operating objectives for Funds from Operations per Common Share. For purposes of this Agreement, "Funds from Operations per Common Share" for any period shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring and sale of property, plus real estate return, depreciation and amortization as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, as amended from time to time, and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Employment Period, divided by (ii) the sum of (A) the primary weighted average number of outstanding shares of Common Stock as it appears in the Company's financial statement for the applicable period and (B) the primary weighted average number of outstanding common limited partnership units ("Common OP Units") of Mack-Cali Realty, L.P., a Delaware limited partnership (the "Partnership") of which the Company is the sole general partner, for the applicable period. All classes of preferred stock which are convertible into Common Stock and all classes of preferred or other units which are convertible into Common OP Units shall be treated as if they have been converted into Common Stock or Common OP Units and shall be included in the denominator, irrespective of any waiting period which must elapse prior to conversion.

5

(c) Taxes and Withholding. The Company shall have the right to deduct and withhold from all compensation all social security and other federal, state and local taxes and charges which currently are or which hereafter may be required by law to be so deducted and withheld.

(d) Additional Benefits. In addition to the compensation specified above and other benefits provided pursuant to this Paragraph 4, Executive shall be entitled to the following benefits:

- (i) participation in the Employee Stock Option Plan of Cali Realty Corporation, the Cali Realty Corporation 401(k) Savings and Retirement Plan (subject to statutory rules and maximum contributions and non-discrimination requirements applicable to 401(k) plans) and such other benefit plans and programs, including but not limited to restricted stock, phantom stock and/or unit awards, loan programs and any other incentive compensation plans or programs (whether or not employee benefit plans or programs), as maintained by the Company from time to time and made generally available to executives of the Company with such participation to be consistent with reasonable Company guidelines;
- (ii) participation in any health insurance, disability insurance, paid vacation, group life insurance or other welfare benefit program made generally available to executives of the Company; and
- (iii) reimbursement for reasonable business expenses incurred by Executive in furtherance of the interests of the Company including a monthly allowance of twelve hundred (\$1,200) which is intended to cover the cost of local business-related travel expenses exclusive of amounts paid to third-parties (e.g. taxi service).

#### 5. Termination of Employment and Change in Control.

(a) Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

- (i) Cause. The Company shall have the right to terminate Executive's employment for Cause upon Executive's: (A) willful and continued

6

failure to use best efforts to substantially perform his duties hereunder (other than any such failure resulting from Executive's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes Executive has not substantially performed his duties; (B) willful misconduct and/or willful violation of Paragraph 11 hereof, which is materially economically injurious to the Company and the Partnership taken as a whole; (C) the willful violation of the provisions of Paragraph 13 hereof; or (D) conviction of, or plea of guilty to a felony. For purposes of this sub-paragraph 5(a), no act, or failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by him (I) not in good faith and (II) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

- (ii) Death. Executive's employment hereunder shall terminate upon his death.
- (iii) Disability. The Company shall have the right to terminate Executive's employment due to "Disability" in the event that there is a determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to Executive, that Executive has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.
- (iv) Good Reason. Executive shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Company which shall include but not be limited to; an assignment to Executive of duties materially and adversely inconsistent with Executive's status as Executive Vice President or Secretary or a material or adverse alteration in the nature of or diminution in Executive's duties and/or responsibilities, reporting obligations, titles or authority; (B) upon a reduction in Executive's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 hereof; (C) within six (6) months following the date a Notice of Non-Renewal is issued by the Company pursuant to Paragraph 2 hereof; (D) on or within six (6) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in sub-paragraph 5(a)(vii) hereof; (E) any

7

purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of sub-paragraph 5(a)(i) (and for purposes of this Agreement, in the event of such failure to comply, no such purported termination shall be effective); or (F) upon the relocation of the Company's principal executive offices or Executive's own office location to a location more than thirty (30) miles away from Cranford, New Jersey.

- (v) Without Cause. The Company shall have the right to terminate the Executive's employment hereunder without Cause subject to the terms and conditions of this Agreement.
- (vi) Without Good Reason. The Executive shall have the right to terminate his employment hereunder without Good Reason subject to the terms and conditions of this Agreement.
- (vii) Change in Control. Executive shall have the right to terminate his employment hereunder on or within six (6) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, (irrespective of any vesting or waiting periods) of (I) Common



Stock or any class of stock convertible into Common Stock and/or (II) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; (B) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company; (C) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Company and unitholders of the Partnership taken as a whole and considered as one class

8

immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole; or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination. Any termination of Executive's employment by the Company or any such termination by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. In the event of the termination of Executive's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.

In the event the Company terminates Executive's employment for Cause or Executive terminates his employment without Good Reason, the Company shall pay Executive any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination. In addition, in such event, Executive shall be entitled (i) to receive any earned but unpaid incentive compensation or bonuses and (ii) to exercise any options which have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan.

9

Except for any rights which Executive may have to unpaid salary amounts through and including the date of termination, earned but unpaid incentive compensation or bonuses and vested options, the Company shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

7. Compensation Upon Termination of Employment Upon Death or Disability.

In the event of termination of Executive's employment as a result of either Executive's death or Disability, the Company shall pay to Executive, his estate or his personal representative (i) the unpaid Annual Base Salary at the rate then in effect through the end of the Unexpired Employment Period (the "Annual Base Salary Payment"); (ii) a pro-rata portion, based upon the number of days in the period beginning with the date of the termination of Executive's employment due to death or Disability and ending with the last day of the Unexpired Employment Period, of the cash equivalent of the average annual amount of all other compensation based on the average of the last two (2) calendar years immediately preceding the year in which Executive's termination of employment occurs including, without limitation, incentive compensation payments, bonuses and stock based compensation (e.g., stock options, restricted stock awards, etc.) paid, granted or accreted to Executive during such years (the "Pro-Rata Portion of Other Compensation") and (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"). The aforesaid amounts shall be payable in cash without discount for early payment, at the option of Executive, his estate or his personal representative, either in full immediately upon such

termination or monthly over the Unexpired Employment Period (the "Payment Election"). In the event of termination of employment due to Disability, Executive shall also receive continuation of health coverage through the end of the Unexpired Employment Period on the same basis as health coverage is provided by the Company for active employees and as may be amended from time to time ("Medical Continuation").

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including, without limitation, restricted stock, phantom stock, units and any loan forgiveness arrangements granted to Executive ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to Executive shall immediately vest as of the date of such termination (the "Vested Options") and Executive shall be entitled at the option of Executive, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of this Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of Executive's termination) to repurchase all or any portion of Executive's vested options to purchase shares of Common Stock at a price equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the shares of Common Stock for which the options to be repurchased are

exercisable and the exercise price of such options as of the date of Executive's termination of employment (the "Vested Option Exercise Election"). In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

Except for any rights which Executive may have to all of the above including the Annual Base Salary Payment, the Pro-Rata Portion of Other Compensation, Vested Incentive Compensation, Vested Options, Expense Reimbursement and in the event of a termination of employment due to Disability, Medical Continuation, the Company shall have no further obligations hereunder following such termination.

For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange on which the Common Stock is primarily traded) of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of Executive's employment.

8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.

In the event the Company terminates Executive's employment for any reason other than Cause or Executive terminates his employment for Good Reason, the Company shall pay to Executive and Executive shall be entitled to receive the greater of (i) three million two hundred thousand dollars (\$3,200,000) with such amount subject only to upwards adjustment from time to time by the Compensation Committee (the "Fixed Amount") or (ii) the sum total of (A) the Annual Base Salary Payment and (B) the

Pro-Rata Portion of Other Compensation. The aforesaid amount shall be payable in cash without discount for early payment, at the option of Executive, either in full immediately upon such termination or monthly over the Unexpired Employment Period.

In addition, the Executive shall be entitled to receive Vested Incentive Compensation, Vested Options exercisable pursuant to the Vested Option Exercise Election, Medical Continuation, and Expense Reimbursement. Executive understands that any options exercised more than ninety (90) days following the date of his termination of employment which were granted as incentive stock options shall automatically be converted into non-qualified options.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options, Medical Continuation and Expense Reimbursement and either the Fixed Amount or in lieu thereof to the Annual Base Salary

Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination. The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Executive's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to Executive for the Employment Period.

9. Change in Control.

(a) Options. Any Incentive Compensation and options granted to Executive that have not vested as of the date of a Change in Control shall immediately

13

vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require Executive to exercise any options. In the event of a conflict between any Incentive Compensation grant agreement or program or any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) Upon Termination. In the event Executive terminates his employment on or following a Change in Control as set forth in sub-paragraph 5(a)(vii), the Company shall pay to Executive and Executive shall be entitled to all the payments and rights Executive would have had if Executive had terminated his employment with Good Reason as set forth in Paragraph 8.

The aforesaid amount shall be payable in accordance with Executive's Payment Election.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options (including, without limitation, by acceleration in accordance with sub-paragraph 9(a)), Medical Continuation, Expense Reimbursement and the Excise Tax Gross Up set forth in subparagraph 9(d), and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination.

(c) Retention Payment. Prior to the date of a Change in Control and subject to the approval of the Board, Executive may make an election to receive, as a retention payment, the payments and rights set forth sub-paragraph 9(b) above (the "Retention Payment") and remain in the employ of the successor after the Change in

14

Control. In the event that Executive makes such election and the Board approves the same, this Agreement shall remain in full force and effect except that (i) simultaneously with the receipt of the Retention Payment, Executive shall waive any right to receive any additional payment as a direct result of such Change in Control, and (ii) other than with respect to the consummation of a subsequent transaction which constitutes a Change in Control and is unrelated to the Change in Control with respect to which the Retention Payment was paid, termination payments otherwise due subsequently under this Agreement for any event requiring payment of termination payments under this Agreement which occurs within the six (6) month period immediately following the date of the Change In Control as to which the Retention Payment was paid shall be reduced by the Retention Payment paid to Executive on the date of the Change in Control.

Any cash payments owed to Executive pursuant to this sub-paragraph 9(c) shall be paid to Executive in a single sum without discount for early payment at the time of the Change in Control but prior to the consummation of the transaction with any successor.

(d) Excise Tax Gross Up. In addition, if it is determined by an independent accountant mutually acceptable to the Company and Executive that as a result of any payment in the nature of compensation made by the Company to (or for the benefit of) Executive pursuant to this Agreement or otherwise, an excise tax may be imposed on Executive pursuant to Section 4999 of the Code (or any successor provisions), the Company shall pay Executive in cash an amount equal to X determined under the following formula: (the "Excise Tax Gross Up"):

15

E x P

X =

$$\frac{E \times P}{1 - [(FI \times (1 - SLI)) + SLI + E + M]}$$

where

- E = the rate at which the excise tax is assessed under Section 4999 of the Code (or any successor provisions);
- P = the amount with respect to which such excise tax is assessed, determined without regard to the Excise Tax Gross Up;
- FI = the highest effective marginal rate of income tax applicable to Executive under the Code for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions or other similar adjustments);
- SLI = the sum of the highest effective marginal rates of income tax applicable to Executive under all applicable state and local laws for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions and other similar adjustments); and
- M = the highest marginal rate of Medicare tax applicable to Executive under the Code for the taxable year in question.

With respect to any payment in the nature of compensation that is made to (or for the benefit of) Executive under the terms of this Agreement or otherwise and on which an excise tax under Section 4999 of the Code (or any successor provisions) may be assessed, the payment determined under this sub-paragraph 9(d) shall be paid to Executive at the time of the Change in Control but prior to the consummation of the transaction with any successor. It is the intention of the parties that the Company provide Executive with a full tax gross-up under the provisions of this Paragraph, so that on a net after-tax basis, the result to Executive shall be the same as if the excise tax under Section 4999 of the Code (or any successor provisions) had not been

16

imposed. The Excise Tax Gross Up may be adjusted if alternative minimum tax rules are applicable to Executive.

#### 10. Mitigation / Effect on Employee Benefit Plans and Programs.

(a) Mitigation. Executive shall not be required to mitigate amounts payable under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment. Amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive and such payment shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense, or other right which the Company may have against Executive or others.

(b) Effect on Employee Benefit Programs. The termination of Executive's employment hereunder, whether by the Company or Executive, shall have no effect on the rights and obligations of the parties hereto under the Company's (i) welfare benefit plans including, without limitation, Medical Continuation as provided for herein and, health coverage thereafter but only to the extent required by law, and on the same basis applicable to other employees and (ii) 401(k) Plan but only to the extent required by law and pursuant to the terms of the 401(k) Plan.

#### 11. Confidential Information.

(a) Executive understands and acknowledges that during his employment with the Company, he will be exposed to Confidential Information (as

17

defined below), all of which is proprietary and which will rightfully belong to the Company. Executive shall hold in a fiduciary capacity for the benefit of the Company such Confidential Information obtained by Executive during his employment with the Company and shall not, directly or indirectly, at any time, either during or after his employment with the Company, without the Company's prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than the Company or its employees, attorneys, accountants, financial advisors, consultants, or investment bankers except as required in the performance of his duties for the Company or as otherwise required by law. Executive shall take all reasonable steps to safeguard such Confidential

Information and to protect such Confidential Information against disclosure, misuse, loss or theft.

(b) The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry or otherwise not generally available to the public, which was obtained from the Company or its predecessors or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company or its predecessors. For purposes of this Paragraph 11, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

12. Return of Documents.

18

Except for such items which are of a personal nature to Executive (e.g., daily business planner), all writings, records, and other documents and things containing any Confidential Information shall be the exclusive property of the Company, shall not be copied, summarized, extracted from, or removed from the premises of the Company, except in pursuit of the business of the Company and at the direction of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of Executive's employment or at any time as requested by the Company.

13. Noncompete.

Executive agrees that:

(a) During the Employment Period and, in the event (i) the Company terminates Executive's employment for Cause, or (ii) Executive terminates his employment without Good Reason, for a one (1) year period thereafter, Executive shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise primarily engaged in any office-service, flex, or office property development, acquisition or management activities without regard to whether or not such activities compete with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect

19

to the Excluded Properties, if any, provided that during the Employment Period the performance of such activities does not prevent Executive from devoting substantially all of his business time to the Company.

(b) If, at the time of enforcement of this Paragraph 13, a court shall hold that the duration, scope, area or other restrictions stated herein are unreasonable, the parties agree that reasonable maximum duration, scope, area or other restrictions may be substituted by such court for the stated duration, scope, area or other restrictions and upon substitution by such court, this Agreement shall be automatically modified without further action by the parties hereto.

(c) For purposes of this Paragraph 13, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

14. Remedies.

The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained in Paragraphs 11, 12 or 13 of this Agreement. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of Paragraphs 11, 12 or 13 of this Agreement, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions thereof.

20

15. Indemnification/Legal Fees.

(a) Indemnification. In the event the Executive is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Executive's employment with or serving as an officer or director of the Company, whether or not the basis of such Proceeding is alleged action in an official capacity, the Company shall indemnify, hold harmless and defend Executive to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Executive in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Executive) and such indemnification shall continue as to Executive even after Executive is no longer employed by the Company and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such expenses; but, only in the event that Executive shall have delivered in writing to the Company an undertaking to reimburse the Company for expenses with respect to which Executive is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Executive under any separate agreement, or the

21

by-laws of the Company since it is intended that this Agreement shall expand and extend the Executive's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Company and Executive regarding or as a result of any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

#### 16. Successors and Assigns.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of an such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if Executive terminated his employment hereunder within six (6) months of a Change in Control as set forth in Paragraph 9, except that for purposes of implementing the foregoing, the

22

date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Executive pursuant to this Paragraph 16 shall be paid to Executive in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor.

(b) This Agreement and all rights of Executive hereunder may be transferred only by will or the laws of descent and distribution. Upon Executive's death, this Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's beneficiary or beneficiaries, personal or legal representatives, or estate, to the extent any such person succeeds to Executive's interests under this Agreement. Executive shall be entitled to select and change a beneficiary or beneficiaries to receive any benefit or compensation payable hereunder following Executive's death by giving Company written notice thereof. If Executive should die following the date of termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, including, without limitation, under any applicable plan, or

otherwise to his legal representatives or estate.

23

17. Timing of and No Duplication of Payments.

All payments payable to Executive pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

18. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or Executive of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Executive's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

24

19. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Company or Executive, as applicable, at the address set forth above (or to such other address as shall have been previously provided in accordance with this Paragraph 19).

20. Governing Law.

This agreement will be governed by and construed in accordance with the laws of the State of New Jersey except as to Paragraph 15(a), without regard to principles of conflicts of laws thereunder.

21. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of sub-paragraph 13(b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

25

22. Legal Representation.

Each of the Company and Executive have been represented by counsel with respect to this Agreement.

23. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement.

24. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

25. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with

respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. The parties recognize that the Prior Agreement dated as of January 21, 1997 has been canceled.

26. Survival of Agreements.

The covenants made in Paragraphs 5 through 15 and 21 each shall survive the termination of this Agreement.

26

In Witness Whereof, the undersigned have executed this Agreement as of the date first above written.

MACK-CALI REALTY CORPORATION

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

\_\_\_\_\_  
Brant Cali

27

SCHEDULE A

Those properties described in the Prospectus of Cali Realty Corporation for the sale of 10,500,000 Shares dated August 24, 1994, in the section entitled "Business and Properties -- Excluded Properties".

28



=====

EMPLOYMENT AGREEMENT

FOR

JOHN R. CALI

=====

=====

TABLE OF CONTENTS

	PAGE
1. EMPLOYMENT. . . . .	2
2. EMPLOYMENT PERIOD. . . . .	2
3. SERVICES / PLACE OF EMPLOYMENT. . . . .	3
4. COMPENSATION AND BENEFITS. . . . .	4
5. TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL. . . . .	6
6. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY FOR CAUSE OR BY EXECUTIVE WITHOUT GOOD REASON. . . . .	9
7. COMPENSATION UPON TERMINATION OF EMPLOYMENT UPON DEATH OR DISABILITY. . . . .	10
8. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON. . . . .	12
9. CHANGE IN CONTROL. . . . .	13
10. MITIGATION / EFFECT ON EMPLOYEE BENEFIT PLANS AND PROGRAMS. . . . .	17
11. CONFIDENTIAL INFORMATION. . . . .	17
12. RETURN OF DOCUMENTS. . . . .	18
13. NONCOMPETE. . . . .	19
14. REMEDIES. . . . .	20
15. INDEMNIFICATION/LEGAL FEES. . . . .	21
16. SUCCESSORS AND ASSIGNS. . . . .	22
17. TIMING OF AND NO DUPLICATION OF PAYMENTS. . . . .	24
18. MODIFICATION OR WAIVER. . . . .	24
19. NOTICES. . . . .	25
20. GOVERNING LAW. . . . .	25
21. SEVERABILITY. . . . .	25
22. LEGAL REPRESENTATION. . . . .	26
23. COUNTERPARTS. . . . .	26
24. HEADINGS. . . . .	26
25. ENTIRE AGREEMENT. . . . .	26
26. SURVIVAL OF AGREEMENTS. . . . .	26

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of December , 1997, by and between John R. Cali, an individual residing at 203 Laurel Hill Road, Mountain Lakes, New Jersey 07046 ("Executive"), and Mack-Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 (the "Company").

RECITALS

WHEREAS, Executive held the position of Chief Administrative Officer of the Company pursuant to his prior employment agreement dated as of January 21, 1997 (the "Prior Agreement") and prior thereto and, through such service, has acquired special and unique knowledge, abilities and expertise;

WHEREAS, in connection with the combination of Cali Realty Corporation with the Mack Companies (the "Mack Combination") the Prior Agreement is canceled effective as of the closing of the Mack Combination; and

WHEREAS, the Company desires to employ Executive as Executive Vice President, and Executive desires to be employed by the Company as Executive Vice President, pursuant to the terms of the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

1. Employment.

The Company hereby agrees to employ Executive, and Executive hereby agrees to accept such employment during the period and upon the terms and conditions set forth in this Agreement.

2. Employment Period.

(a) Except as otherwise provided in this Agreement to the contrary, the terms and conditions of this Agreement shall be and remain in effect during the period of employment (the "Employment Period") established under this Paragraph 2. The initial Employment Period shall be for a term commencing on the date of this Agreement and ending on the fifth anniversary of the date of this Agreement provided, however, that commencing on the day after the date of this Agreement and on each day thereafter, the Employment Period shall be extended for one additional day so that a constant five (5) year Employment Period shall be in effect, unless (i) the Company or Executive elects not to extend the term of this Agreement by giving written notice to the other party in accordance with Paragraph 19, in which case, subject to the provisions of sub-paragraph 5(a)(iv) below, the term of this Agreement shall become fixed and shall end on the fifth anniversary of the date of such written notice ("Notice of Non-Renewal"), or (ii) Executive's employment terminates hereunder.

(b) Notwithstanding anything contained herein to the contrary: (i) Executive's employment with the Company may be terminated by the Company or Executive during the Employment Period, subject to the terms and conditions of this Agreement; and (ii) nothing in this Agreement shall mandate or prohibit a continuation

2

of Executive's employment following the expiration of the Employment Period upon such terms and conditions as the Board of Directors of the Company (the "Board") and Executive may mutually agree.

(c) If Executive's employment with the Company is terminated, for purposes of this Agreement the term "Unexpired Employment Period" shall mean the period commencing on the date of such termination and ending on the last day of the Employment Period.

3. Services / Place of Employment.

(a) SERVICES. During the Employment Period, Executive shall hold the position of Executive Vice President of the Company. Executive shall devote his best efforts and substantially all of his business time, skill and attention to the business of the Company (other than absences due to vacation, illness, disability or approved leave of absence), and shall perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Chief Executive Officer and President; PROVIDED, HOWEVER, that the foregoing is not intended to (a) preclude Executive from (i) owning and managing personal investments, including real

estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (b) restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto, (the "Excluded Properties"), provided that the performance of the

3

activities referred to in clauses (a) and (b) does not prevent Executive from devoting substantially all of his business time to the Company.

(b) PLACE OF EMPLOYMENT. The principal place of employment of Executive shall be at the Company's principal executive offices in Cranford, New Jersey.

#### 4. Compensation and Benefits.

(a) SALARY. During the Employment Period, the Company shall pay Executive a minimum annual base salary in the amount of \$325,000 (the "Annual Base Salary") payable in accordance with the Company's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Company from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Chief Executive Officer and the President. In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent.

(b) INCENTIVE COMPENSATION/BONUSES. In addition, Executive shall be eligible for incentive compensation payable each year in such amounts as may be determined by the Option and Executive Compensation Committee of the Board (the "Compensation Committee") based upon, among other factors, growth in Funds from Operations per Common Share (as hereinafter defined) for the year. Executive shall be entitled to receive such bonuses and options to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") as the Board or the

4

Compensation Committee as the case may be shall approve, in its sole discretion, including, without limitation, options and bonuses contingent upon Executive's performance and the achievement of specified financial and operating objectives for Funds from Operations per Common Share. For purposes of this Agreement, "Funds from Operations per Common Share" for any period shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring and sale of property, plus real estate return, depreciation and amortization as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, as amended from time to time, and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Employment Period, divided by (ii) the sum of (A) the primary weighted average number of outstanding shares of Common Stock as it appears in the Company's financial statement for the applicable period and (B) the primary weighted average number of outstanding common limited partnership units ("Common OP Units") of Mack-Cali Realty, L.P., a Delaware limited partnership (the "Partnership") of which the Company is the sole general partner, for the applicable period. All classes of preferred stock which are convertible into Common Stock and all classes of preferred or other units which are convertible into Common OP Units shall be treated as if they have been converted into Common Stock or Common OP Units and shall be included in the denominator, irrespective of any waiting period which must elapse prior to conversion.

5

(c) TAXES AND WITHHOLDING. The Company shall have the right to deduct and withhold from all compensation all social security and other federal, state and local taxes and charges which currently are or which hereafter may be required by law to be so deducted and withheld.

(d) ADDITIONAL BENEFITS. In addition to the compensation specified above and other benefits provided pursuant to this Paragraph 4, Executive shall be entitled to the following benefits:

- (i) participation in the Employee Stock Option Plan of Cali Realty Corporation, the Cali Realty Corporation 401(k) Savings and Retirement Plan (subject to statutory rules and maximum contributions and non-discrimination requirements applicable to 401(k) plans) and such other benefit plans and programs, including but not limited to restricted stock, phantom stock and/or unit awards, loan programs and any other incentive compensation plans or programs (whether or not employee benefit

plans or programs), as maintained by the Company from time to time and made generally available to executives of the Company with such participation to be consistent with reasonable Company guidelines;

- (ii) participation in any health insurance, disability insurance, paid vacation, group life insurance or other welfare benefit program made generally available to executives of the Company; and
- (iii) reimbursement for reasonable business expenses incurred by Executive in furtherance of the interests of the Company including a monthly allowance of twelve hundred (\$1,200) which is intended to cover the cost of local business-related travel expenses exclusive of amounts paid to third-parties (E.G. taxi service).

5. Termination of Employment and Change in Control.

(a) Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

- (i) CAUSE. The Company shall have the right to terminate Executive's employment for Cause upon Executive's: (A) willful and continued

6

failure to use best efforts to substantially perform his duties hereunder (other than any such failure resulting from Executive's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes Executive has not substantially performed his duties; (B) willful misconduct and/or willful violation of Paragraph 11 hereof, which is materially economically injurious to the Company and the Partnership taken as a whole; (C) the willful violation of the provisions of Paragraph 13 hereof; or (D) conviction of, or plea of guilty to a felony. For purposes of this sub-paragraph 5(a), no act, or failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by him (I) not in good faith and (II) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

- (ii) DEATH. Executive's employment hereunder shall terminate upon his death.
- (iii) DISABILITY. The Company shall have the right to terminate Executive's employment due to "Disability" in the event that there is a determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to Executive, that Executive has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.
- (iv) GOOD REASON. Executive shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Company which shall include but not be limited to; an assignment to Executive of duties materially and adversely inconsistent with Executive's status as Executive Vice President or a material or adverse alteration in the nature of or diminution in Executive's duties and/or responsibilities, reporting obligations, titles or authority; (B) upon a reduction in Executive's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 hereof; (C) within six (6) months following the date a Notice of Non-Renewal is issued by the Company pursuant to Paragraph 2 hereof; (D) on or within six (6) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in sub-paragraph 5(a)(vii) hereof; (E) any purported

7

termination of Executive's employment for Cause which is not effected pursuant to the procedures of sub-paragraph 5(a)(i) (and for purposes of this Agreement, in the event of such failure to comply, no such purported termination shall be effective); or (F) upon the relocation of the Company's principal executive offices or Executive's own office location to a location more than thirty

(30) miles away from Cranford, New Jersey.

- (v) WITHOUT CAUSE. The Company shall have the right to terminate the Executive's employment hereunder without Cause subject to the terms and conditions of this Agreement.
- (vi) WITHOUT GOOD REASON. The Executive shall have the right to terminate his employment hereunder without Good Reason subject to the terms and conditions of this Agreement.
- (vii) CHANGE IN CONTROL. Executive shall have the right to terminate his employment hereunder on or within six (6) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, (irrespective of any vesting or waiting periods) of (I) Common Stock or any class of stock convertible into Common Stock and/or (II) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; (B) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company; (C) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Company and unitholders of the Partnership taken as a whole and considered as one class

8

immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole; or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) NOTICE OF TERMINATION. Any termination of Executive's employment by the Company or any such termination by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. In the event of the termination of Executive's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.

In the event the Company terminates Executive's employment for Cause or Executive terminates his employment without Good Reason, the Company shall pay Executive any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination. In addition, in such event, Executive shall be entitled (i) to receive any earned but unpaid incentive compensation or bonuses and (ii) to exercise any options which have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan.

9

Except for any rights which Executive may have to unpaid salary amounts through and including the date of termination, earned but unpaid incentive compensation or bonuses and vested options, the Company shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

7. Compensation Upon Termination of Employment Upon Death or Disability.

In the event of termination of Executive's employment as a result of either Executive's death or Disability, the Company shall pay to Executive, his estate or his personal representative (i) the unpaid Annual Base Salary at the rate then in effect through the end of the Unexpired Employment Period (the "Annual Base Salary Payment"); (ii) a pro-rata portion, based upon the number of days in the period beginning with the date of the termination of Executive's employment due to death or Disability and ending with the last day of the Unexpired Employment Period, of the cash equivalent of the average annual amount of all other compensation based on the average of the last two (2) calendar years immediately preceding the year in which Executive's termination of employment occurs including, without limitation, incentive compensation payments, bonuses and stock based compensation (E.G., stock options, restricted stock awards, etc.) paid, granted or accreted to Executive during such years (the "Pro-Rata Portion of Other Compensation") and (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"). The aforesaid amounts shall be payable in cash without discount for early payment, at the option of Executive, his estate or his personal representative, either in full immediately upon such

10

termination or monthly over the Unexpired Employment Period (the "Payment Election"). In the event of termination of employment due to Disability, Executive shall also receive continuation of health coverage through the end of the Unexpired Employment Period on the same basis as health coverage is provided by the Company for active employees and as may be amended from time to time ("Medical Continuation").

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including, without limitation, restricted stock, phantom stock, units and any loan forgiveness arrangements granted to Executive ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to Executive shall immediately vest as of the date of such termination (the "Vested Options") and Executive shall be entitled at the option of Executive, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of this Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of Executive's termination) to repurchase all or any portion of Executive's vested options to purchase shares of Common Stock at a price equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the shares of Common Stock for which the options to be repurchased

11

are exercisable and the exercise price of such options as of the date of Executive's termination of employment (the "Vested Option Exercise Election"). In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

Except for any rights which Executive may have to all of the above including the Annual Base Salary Payment, the Pro-Rata Portion of Other Compensation, Vested Incentive Compensation, Vested Options, Expense Reimbursement and in the event of a termination of employment due to Disability, Medical Continuation, the Company shall have no further obligations hereunder following such termination.

For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange on which the Common Stock is primarily traded) of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of Executive's employment.

8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.

In the event the Company terminates Executive's employment for any reason other than Cause or Executive terminates his employment for Good Reason, the Company shall pay to Executive and Executive shall be entitled to receive the greater of (i) three million two hundred thousand dollars (\$3,200,000) with such amount subject only to upwards adjustment from time to time by the Compensation Committee (the "Fixed Amount") or (ii) the sum total of (A) the Annual Base Salary Payment and (B) the

12

Pro-Rata Portion of Other Compensation. The aforesaid amount shall be payable in cash without discount for early payment, at the option of Executive, either in full immediately upon such termination or monthly over the Unexpired Employment Period.

In addition, the Executive shall be entitled to receive Vested Incentive Compensation, Vested Options exercisable pursuant to the Vested Option Exercise Election, Medical Continuation, and Expense Reimbursement. Executive understands that any options exercised more than ninety (90) days following the date of his termination of employment which were granted as incentive stock options shall automatically be converted into non-qualified options.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options, Medical Continuation and Expense Reimbursement and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination. The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Executive's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to Executive for the Employment Period.

#### 9. Change in Control.

(a) OPTIONS. Any Incentive Compensation and options granted to Executive that have not vested as of the date of a Change in Control shall immediately

13

vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require Executive to exercise any options. In the event of a conflict between any Incentive Compensation grant agreement or program or any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) UPON TERMINATION. In the event Executive terminates his employment on or following a Change in Control as set forth in sub-paragraph 5(a)(vii), the Company shall pay to Executive and Executive shall be entitled to all the payments and rights Executive would have had if Executive had terminated his employment with Good Reason as set forth in Paragraph 8.

The aforesaid amount shall be payable in accordance with Executive's Payment Election.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options (including, without limitation, by acceleration in accordance with sub-paragraph 9(a)), Medical Continuation, Expense Reimbursement and the Excise Tax Gross Up set forth in subparagraph 9(d), and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination.

(c) RETENTION PAYMENT. Prior to the date of a Change in Control and subject to the approval of the Board, Executive may make an election to receive, as a retention payment, the payments and rights set forth sub-paragraph 9(b) above (the "Retention Payment") and remain in the employ of the successor after the Change in

14

Control. In the event that Executive makes such election and the Board approves the same, this Agreement shall remain in full force and effect except that (i) simultaneously with the receipt of the Retention Payment, Executive shall waive any right to receive any additional payment as a direct result of such Change in Control, and (ii) other than with respect to the consummation of a subsequent transaction which constitutes a Change in Control and is unrelated to the Change in Control with respect to which the Retention Payment was paid, termination payments otherwise due subsequently under this Agreement for any event requiring payment of termination payments under this Agreement which occurs within the six (6) month period immediately following the date of the Change In Control as to which the Retention Payment was paid shall be reduced by the Retention Payment paid to Executive on the date of the Change in Control.

Any cash payments owed to Executive pursuant to this sub-paragraph 9(c) shall be paid to Executive in a single sum without discount for early payment at the time of the Change in Control but prior to the consummation of the transaction with any successor.

(d) EXCISE TAX GROSS UP. In addition, if it is determined by an independent accountant mutually acceptable to the Company and Executive that as

a result of any payment in the nature of compensation made by the Company to (or for the benefit of) Executive pursuant to this Agreement or otherwise, an excise tax may be imposed on Executive pursuant to Section 4999 of the Code (or any successor provisions), the Company shall pay Executive in cash an amount equal to X determined under the following formula: (the "Excise Tax Gross Up"):

15

$$X = \frac{E \times P}{1 - [(FI \times (1 - SLI)) + SLI + E + M]}$$

where

- E = the rate at which the excise tax is assessed under Section 4999 of the Code (or any successor provisions);
- P = the amount with respect to which such excise tax is assessed, determined without regard to the Excise Tax Gross Up;
- FI = the highest effective marginal rate of income tax applicable to Executive under the Code for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions or other similar adjustments);
- SLI = the sum of the highest effective marginal rates of income tax applicable to Executive under all applicable state and local laws for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions and other similar adjustments); and
- M = the highest marginal rate of Medicare tax applicable to Executive under the Code for the taxable year in question.

With respect to any payment in the nature of compensation that is made to (or for the benefit of) Executive under the terms of this Agreement or otherwise and on which an excise tax under Section 4999 of the Code (or any successor provisions) may be assessed, the payment determined under this sub-paragraph 9(d) shall be paid to Executive at the time of the Change in Control but prior to the consummation of the transaction with any successor. It is the intention of the parties that the Company provide Executive with a full tax gross-up under the provisions of this Paragraph, so that on a net after-tax basis, the result to Executive shall be the same as if the excise tax under Section 4999 of the Code (or any successor provisions) had not been

16

imposed. The Excise Tax Gross Up may be adjusted if alternative minimum tax rules are applicable to Executive.

#### 10. Mitigation / Effect on Employee Benefit Plans and Programs.

(a) MITIGATION. Executive shall not be required to mitigate amounts payable under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment. Amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive and such payment shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense, or other right which the Company may have against Executive or others.

(b) EFFECT ON EMPLOYEE BENEFIT PROGRAMS. The termination of Executive's employment hereunder, whether by the Company or Executive, shall have no effect on the rights and obligations of the parties hereto under the Company's (i) welfare benefit plans including, without limitation, Medical Continuation as provided for herein and, health coverage thereafter but only to the extent required by law, and on the same basis applicable to other employees and (ii) 401(k) Plan but only to the extent required by law and pursuant to the terms of the 401(k) Plan.

#### 11. Confidential Information.

(a) Executive understands and acknowledges that during his employment with the Company, he will be exposed to Confidential Information (as

17

defined below), all of which is proprietary and which will rightfully belong to the Company. Executive shall hold in a fiduciary capacity for the benefit of the Company such Confidential Information obtained by Executive during his employment with the Company and shall not, directly or indirectly, at any time, either during or after his employment with the Company, without the Company's



prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than the Company or its employees, attorneys, accountants, financial advisors, consultants, or investment bankers except as required in the performance of his duties for the Company or as otherwise required by law. Executive shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft.

(b) The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry or otherwise not generally available to the public, which was obtained from the Company or its predecessors or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company or its predecessors. For purposes of this Paragraph 11, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

12. Return of Documents.

18

Except for such items which are of a personal nature to Executive (E.G., daily business planner), all writings, records, and other documents and things containing any Confidential Information shall be the exclusive property of the Company, shall not be copied, summarized, extracted from, or removed from the premises of the Company, except in pursuit of the business of the Company and at the direction of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of Executive's employment or at any time as requested by the Company.

13. Noncompete.

Executive agrees that:

(a) During the Employment Period and, in the event (i) the Company terminates Executive's employment for Cause, or (ii) Executive terminates his employment without Good Reason, for a one (1) year period thereafter, Executive shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise primarily engaged in any office-service, flex, or office property development, acquisition or management activities without regard to whether or not such activities compete with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect

19

to the Excluded Properties, if any, provided that during the Employment Period the performance of such activities does not prevent Executive from devoting substantially all of his business time to the Company.

(b) If, at the time of enforcement of this Paragraph 13, a court shall hold that the duration, scope, area or other restrictions stated herein are unreasonable, the parties agree that reasonable maximum duration, scope, area or other restrictions may be substituted by such court for the stated duration, scope, area or other restrictions and upon substitution by such court, this Agreement shall be automatically modified without further action by the parties hereto.

(c) For purposes of this Paragraph 13, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

14. Remedies.

The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained in Paragraphs 11, 12 or 13 of this Agreement. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of Paragraphs 11, 12 or 13 of this Agreement, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions thereof.

## 15. Indemnification/Legal Fees.

(a) INDEMNIFICATION. In the event the Executive is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Executive's employment with or serving as an officer or director of the Company, whether or not the basis of such Proceeding is alleged action in an official capacity, the Company shall indemnify, hold harmless and defend Executive to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Executive in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Executive) and such indemnification shall continue as to Executive even after Executive is no longer employed by the Company and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such expenses; but, only in the event that Executive shall have delivered in writing to the Company an undertaking to reimburse the Company for expenses with respect to which Executive is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Executive under any separate agreement, or the

by-laws of the Company since it is intended that this Agreement shall expand and extend the Executive's rights to receive indemnity.

(b) LEGAL FEES. If any contest or dispute shall arise between the Company and Executive regarding or as a result of any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

## 16. Successors and Assigns.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of an such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if Executive terminated his employment hereunder within six (6) months of a Change in Control as set forth in Paragraph 9, except that for purposes of implementing the foregoing, the

date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Executive pursuant to this Paragraph 16 shall be paid to Executive in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor.

(b) This Agreement and all rights of Executive hereunder may be transferred only by will or the laws of descent and distribution. Upon Executive's death, this Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's beneficiary or beneficiaries, personal or legal representatives, or estate, to the extent any such person succeeds to Executive's interests under this Agreement. Executive shall be entitled to select and change a beneficiary or beneficiaries to receive any benefit or compensation payable hereunder following Executive's death by giving Company written notice thereof. If Executive should die following the date of termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or

persons so appointed in writing by Executive, including, without limitation, under any applicable plan, or otherwise to his legal representatives or estate.

23

17. Timing of and No Duplication of Payments.

All payments payable to Executive pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

18. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or Executive of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Executive's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

24

19. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Company or Executive, as applicable, at the address set forth above (or to such other address as shall have been previously provided in accordance with this Paragraph 19).

20. Governing Law.

This agreement will be governed by and construed in accordance with the laws of the State of New Jersey except as to Paragraph 15(a), without regard to principles of conflicts of laws thereunder.

21. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of sub-paragraph 13(b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

25

22. Legal Representation.

Each of the Company and Executive have been represented by counsel with respect to this Agreement.

23. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement.

24. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

25. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. The parties recognize that the Prior Agreement dated as of January 21, 1997 has been canceled.

26. Survival of Agreements.

The covenants made in Paragraphs 5 through 15 and 21 each shall survive the termination of this Agreement.

26

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

MACK-CALI REALTY CORPORATION

By:

-----

Name:

Title:

-----

John R. Cali

27

SCHEDULE A

-----

Those properties described in the Prospectus of Cali Realty Corporation for the sale of 10,500,000 Shares dated August 24, 1994, in the section entitled "Business and Properties -- Excluded Properties".

28

AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT  
FOR  
ROGER W. THOMAS

TABLE OF CONTENTS

	PAGE
	----
1. EMPLOYMENT.....	4
2. EMPLOYMENT PERIOD.....	4
3. SERVICES / PLACE OF EMPLOYMENT.....	5
4. COMPENSATION AND BENEFITS.....	6
5. TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL.....	8
6. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY FOR CAUSE OR BY EXECUTIVE WITHOUT GOOD REASON.....	11
7. COMPENSATION UPON TERMINATION OF EMPLOYMENT UPON DEATH OR DISABILITY.....	12
8. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON.....	15
9. CHANGE IN CONTROL.....	16
10. MITIGATION / EFFECT ON EMPLOYEE BENEFIT PLANS AND PROGRAMS....	19
11. CONFIDENTIAL INFORMATION.....	20
12. RETURN OF DOCUMENTS.....	21
13. NONCOMPETE.....	21
14. REMEDIES.....	23
15. INDEMNIFICATION/LEGAL FEES.....	23
16. SUCCESSORS AND ASSIGNS.....	24
17. TIMING OF AND NO DUPLICATION OF PAYMENTS.....	26
18. MODIFICATION OR WAIVER.....	26
19. NOTICES.....	27
20. GOVERNING LAW.....	27
21. SEVERABILITY.....	27
22. LEGAL REPRESENTATION.....	29
23. COUNTERPARTS.....	29
24. HEADINGS.....	29
25. ENTIRE AGREEMENT.....	29
26. SURVIVAL OF AGREEMENTS.....	29

ROBERT W. THOMAS

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of December , 1997, by and between Roger W. Thomas, an

individual residing at #PHA, 30 West 90th Street, New York, New York 10024 ("Executive"), and Mack-Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 (the "Company").

#### RECITALS

WHEREAS, Executive has served as Executive Vice President, General Counsel and Assistant Secretary of the Company pursuant to his prior employment agreement dated as of January 21, 1997 (the "Prior Agreement") and prior thereto and, through such service, has acquired special and unique knowledge, abilities and expertise;

WHEREAS, in connection with the combination of Cali Realty Corporation with the Mack Companies (the "Mack Combination") the Prior Agreement is hereby amended and restated in its entirety as of the closing of the Mack Combination; and

WHEREAS, the Company desires to continue to employ Executive as Executive Vice President, General Counsel and Assistant Secretary, and Executive desires to continue to be employed by the Company as Executive Vice President, General Counsel and Assistant Secretary, pursuant to the amended and restated terms set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

#### 1. EMPLOYMENT.

The Company hereby agrees to employ Executive, and Executive hereby agrees to accept such employment during the period and upon the terms and conditions set forth in this Agreement.

#### 2. EMPLOYMENT PERIOD.

(a) Except as otherwise provided in this Agreement to the contrary, the terms and conditions of this Agreement shall be and remain in effect during the period of employment (the "Employment Period") established under this Paragraph 2. The initial Employment Period shall be for a term commencing on the date of this Agreement and ending on the fifth anniversary of the date of this Agreement provided, however, that commencing on the day after the date of this Agreement and on each day thereafter, the Employment Period shall be extended for one additional day so that a constant five (5) year Employment Period shall be in effect, unless (i) the Company or Executive elects not to extend the term of this Agreement by giving written notice to the other party in accordance with Paragraph 19, in which case, subject to the provisions of sub-paragraph 5(a)(iv) below, the term of this Agreement shall become fixed and shall end on the fifth anniversary of the date of such written notice ("Notice of Non-Renewal"), or (ii) Executive's employment terminates hereunder.

(b) Notwithstanding anything contained herein to the contrary: (i) Executive's employment with the Company may be terminated by the Company or Executive during the Employment Period, subject to the terms and conditions of this Agreement; and (ii) nothing in this Agreement shall mandate or prohibit a continuation

2

of Executive's employment following the expiration of the Employment Period upon such terms and conditions as the Board of Directors of the Company (the "Board") and Executive may mutually agree.

(c) If Executive's employment with the Company is terminated, for purposes of this Agreement the term "Unexpired Employment Period" shall mean the period commencing on the date of such termination and ending on the last day of the Employment Period.

#### 3. SERVICES / PLACE OF EMPLOYMENT.

(a) SERVICES. During the Employment Period, Executive shall hold the positions of Executive Vice President, General Counsel and Assistant Secretary of the Company. Executive shall devote his best efforts and substantially all of his business time, skill and attention to the business of the Company (other than absences due to vacation, illness, disability or approved leave of absence), and shall perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Chief Executive Officer and President; PROVIDED, HOWEVER, that the foregoing is not intended to (a) preclude Executive from (i) owning and managing personal investments, including real

estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (b) restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto, (the "Excluded Properties"), provided that the performance of the activities referred to in clauses (a) and (b) does

3

not prevent Executive from devoting substantially all of his business time to the Company.

(b) PLACE OF EMPLOYMENT. The principal place of employment of Executive shall be at the Company's principal executive offices in Cranford, New Jersey.

#### 4. COMPENSATION AND BENEFITS.

(a) SALARY. During the Employment Period, the Company shall pay Executive a minimum annual base salary in the amount of \$300,000 (the "Annual Base Salary") payable in accordance with the Company's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Company from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Chief Executive Officer and the President. In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent.

(b) INCENTIVE COMPENSATION/BONUSES. In addition, Executive shall be eligible for incentive compensation payable each year in such amounts as may be determined by the Option and Executive Compensation Committee of the Board (the "Compensation Committee") based upon, among other factors, growth in Funds from Operations per Common Share (as hereinafter defined) for the year. Executive shall be entitled to receive such bonuses and options to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") as the Board or the

4

Compensation Committee as the case may be shall approve, in its sole discretion, including, without limitation, options and bonuses contingent upon Executive's performance and the achievement of specified financial and operating objectives for Funds from Operations per Common Share. For purposes of this Agreement, "Funds from Operations per Common Share" for any period shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring and sale of property, plus real estate return, depreciation and amortization as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, as amended from time to time, and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Employment Period, divided by (ii) the sum of (A) the primary weighted average number of outstanding shares of Common Stock as it appears in the Company's financial statement for the applicable period and (B) the primary weighted average number of outstanding common limited partnership units ("Common OP Units") of Mack-Cali Realty, L.P., a Delaware limited partnership (the "Partnership") of which the Company is the sole general partner, for the applicable period. All classes of preferred stock which are convertible into Common Stock and all classes of preferred or other units which are convertible into Common OP Units shall be treated as if they have been converted into Common Stock or Common OP Units and shall be included in the denominator, irrespective of any waiting period which must elapse prior to conversion.

5

(c) TAXES AND WITHHOLDING. The Company shall have the right to deduct and withhold from all compensation all social security and other federal, state and local taxes and charges which currently are or which hereafter may be required by law to be so deducted and withheld.

(d) ADDITIONAL BENEFITS. In addition to the compensation specified above and other benefits provided pursuant to this Paragraph 4, Executive shall be entitled to the following benefits:

(i) participation in the Employee Stock Option Plan of Cali Realty

Corporation, the Cali Realty Corporation 401(k) Savings and Retirement Plan (subject to statutory rules and maximum contributions and non-discrimination requirements applicable to 401(k) plans) and such other benefit plans and programs, including but not limited to restricted stock, phantom stock and/or unit awards, loan programs and any other incentive compensation plans or programs (whether or not employee benefit plans or programs), as maintained by the Company from time to time and made generally available to executives of the Company with such participation to be consistent with reasonable Company guidelines;

(ii) participation in any health insurance, disability insurance, paid vacation, group life insurance or other welfare benefit program made generally available to executives of the Company; and

(iii) reimbursement for reasonable business expenses incurred by Executive in furtherance of the interests of the Company including a monthly allowance of twelve hundred (\$1,200) which is intended to cover the cost of local business-related travel expenses exclusive of amounts paid to third-parties (e.g. taxi service).

#### 5. TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL.

(a) Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

(i) CAUSE. The Company shall have the right to terminate Executive's employment for Cause upon Executive's: (A) willful and continued

6

failure to use best efforts to substantially perform his duties hereunder (other than any such failure resulting from Executive's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes Executive has not substantially performed his duties; (B) willful misconduct and/or willful violation of Paragraph 11 hereof, which is materially economically injurious to the Company and the Partnership taken as a whole; (C) the willful violation of the provisions of Paragraph 13 hereof; or (D) conviction of, or plea of guilty to a felony. For purposes of this sub-paragraph 5(a), no act, or failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by him (I) not in good faith and (II) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

(ii) DEATH. Executive's employment hereunder shall terminate upon his death.

(iii) DISABILITY. The Company shall have the right to terminate Executive's employment due to "Disability" in the event that there is a determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to Executive, that Executive has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.

(iv) GOOD REASON. Executive shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Company which shall include but not be limited to; an assignment to Executive of duties materially and adversely inconsistent with Executive's status as Executive Vice President, General Counsel or Assistant Secretary or a material or adverse alteration in the nature of or diminution in Executive's duties and/or responsibilities, reporting obligations, titles or authority; (B) upon a reduction in Executive's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 hereof; (C) within six (6) months following the date a Notice of Non-Renewal is issued by the Company pursuant to Paragraph 2 hereof; (D) on or within six (6) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in sub-

7

paragraph 5(a)(vii) hereof; (E) any purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of



sub-paragraph 5(a) (i) (and for purposes of this Agreement, in the event of such failure to comply, no such purported termination shall be effective); or (F) upon the relocation of the Company's principal executive offices or Executive's own office location to a location more than thirty (30) miles away from Cranford, New Jersey.

(v) WITHOUT CAUSE. The Company shall have the right to terminate the Executive's employment hereunder without Cause subject to the terms and conditions of this Agreement.

(vi) WITHOUT GOOD REASON. The Executive shall have the right to terminate his employment hereunder without Good Reason subject to the terms and conditions of this Agreement.

(vii) CHANGE IN CONTROL. Executive shall have the right to terminate his employment hereunder on or within six (6) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, (irrespective of any vesting or waiting periods) of (I) Common Stock or any class of stock convertible into Common Stock and/or (II) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; (B) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company; (C) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Company and unitholders

8

of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole; or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) NOTICE OF TERMINATION. Any termination of Executive's employment by the Company or any such termination by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. In the event of the termination of Executive's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

#### 6. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY FOR CAUSE OR BY EXECUTIVE WITHOUT GOOD REASON.

In the event the Company terminates Executive's employment for Cause or Executive terminates his employment without Good Reason, the Company shall pay Executive any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination. In addition, in such event, Executive shall be entitled (i) to receive any earned but unpaid incentive compensation or bonuses and (ii) to

9

exercise any options which have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan.

Except for any rights which Executive may have to unpaid salary amounts through and including the date of termination, earned but unpaid incentive compensation or bonuses and vested options, the Company shall have no further

obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

7. COMPENSATION UPON TERMINATION OF EMPLOYMENT UPON DEATH OR DISABILITY.

In the event of termination of Executive's employment as a result of either Executive's death or Disability, the Company shall pay to Executive, his estate or his personal representative (i) the unpaid Annual Base Salary at the rate then in effect through the end of the Unexpired Employment Period (the "Annual Base Salary Payment"); (ii) a pro-rata portion, based upon the number of days in the period beginning with the date of the termination of Executive's employment due to death or Disability and ending with the last day of the Unexpired Employment Period, of the cash equivalent of the average annual amount of all other compensation based on the average of the last two (2) calendar years immediately preceding the year in which Executive's termination of employment occurs including, without limitation, incentive compensation payments, bonuses and stock based compensation (e.g., stock options, restricted stock awards, etc.) paid, granted or accreted to Executive during such years (the "Pro-Rata Portion of Other Compensation") and (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"). The aforesaid

10

amounts shall be payable in cash without discount for early payment, at the option of Executive, his estate or his personal representative, either in full immediately upon such termination or monthly over the Unexpired Employment Period (the "Payment Election"). In the event of termination of employment due to Disability, Executive shall also receive continuation of health coverage through the end of the Unexpired Employment Period on the same basis as health coverage is provided by the Company for active employees and as may be amended from time to time ("Medical Continuation").

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including, without limitation, restricted stock, phantom stock, units and any loan forgiveness arrangements granted to Executive ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to Executive shall immediately vest as of the date of such termination (the "Vested Options") and Executive shall be entitled at the option of Executive, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of this Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of Executive's termination) to repurchase all or any portion of Executive's vested options to purchase shares of Common Stock at a price

11

equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the shares of Common Stock for which the options to be repurchased are exercisable and the exercise price of such options as of the date of Executive's termination of employment (the "Vested Option Exercise Election"). In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

Except for any rights which Executive may have to all of the above including the Annual Base Salary Payment, the Pro-Rata Portion of Other Compensation, Vested Incentive Compensation, Vested Options, Expense Reimbursement and in the event of a termination of employment due to Disability, Medical Continuation, the Company shall have no further obligations hereunder following such termination.

For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange on which the Common Stock is primarily traded) of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of Executive's employment.

8. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON.

In the event the Company terminates Executive's employment for any reason

other than Cause or Executive terminates his employment for Good Reason, the Company shall pay to Executive and Executive shall be entitled to receive the greater of (i) three million dollars (\$3,000,000) with such amount subject only to upwards

12

adjustment from time to time by the Compensation Committee (the "Fixed Amount") or (ii) the sum total of (A) the Annual Base Salary Payment and (B) the Pro-Rata Portion of Other Compensation. The aforesaid amount shall be payable in cash without discount for early payment, at the option of Executive, either in full immediately upon such termination or monthly over the Unexpired Employment Period.

In addition, the Executive shall be entitled to receive Vested Incentive Compensation, Vested Options exercisable pursuant to the Vested Option Exercise Election, Medical Continuation, and Expense Reimbursement. Executive understands that any options exercised more than ninety (90) days following the date of his termination of employment which were granted as incentive stock options shall automatically be converted into non-qualified options.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options, Medical Continuation and Expense Reimbursement and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination. The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Executive's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to Executive for the Employment Period.

13

#### 9. CHANGE IN CONTROL.

(a) OPTIONS. Any Incentive Compensation and options granted to Executive that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require Executive to exercise any options. In the event of a conflict between any Incentive Compensation grant agreement or program or any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) UPON TERMINATION. In the event Executive terminates his employment on or following a Change in Control as set forth in sub-paragraph 5(a)(vii), the Company shall pay to Executive and Executive shall be entitled to all the payments and rights Executive would have had if Executive had terminated his employment with Good Reason as set forth in Paragraph 8.

The aforesaid amount shall be payable in accordance with Executive's Payment Election.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options (including, without limitation, by acceleration in accordance with sub-paragraph 9(a)), Medical Continuation, Expense Reimbursement and the Excise Tax Gross Up set forth in subparagraph 9(d), and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination.

14

(c) RETENTION PAYMENT. Prior to the date of a Change in Control and subject to the approval of the Board, Executive may make an election to receive, as a retention payment, the payments and rights set forth sub-paragraph 9(b) above (the "Retention Payment") and remain in the employ of the successor after the Change in Control. In the event that Executive makes such election and the Board approves the same, this Agreement shall remain in full force and effect except that (i) simultaneously with the receipt of the Retention Payment, Executive shall waive any right to receive any additional payment as a direct result of such Change in Control, and (ii) other than with respect to the consummation of a subsequent transaction which

constitutes a Change in Control and is unrelated to the Change in Control with respect to which the Retention Payment was paid, termination payments otherwise due subsequently under this Agreement for any event requiring payment of termination payments under this Agreement which occurs within the six (6) month period immediately following the date of the Change In Control as to which the Retention Payment was paid shall be reduced by the Retention Payment paid to Executive on the date of the Change in Control.

Any cash payments owed to Executive pursuant to this sub-paragraph 9(c) shall be paid to Executive in a single sum without discount for early payment at the time of the Change in Control but prior to the consummation of the transaction with any successor.

(d) EXCISE TAX GROSS UP. In addition, if it is determined by an independent accountant mutually acceptable to the Company and Executive that as a result of any payment in the nature of compensation made by the Company to (or for the benefit of) Executive pursuant to this Agreement or otherwise, an excise tax may be

15

imposed on Executive pursuant to Section 4999 of the Code (or any successor provisions), the Company shall pay Executive in cash an amount equal to X determined under the following formula: (the "Excise Tax Gross Up"):

$$X = \frac{E \times P}{1 - [(FI \times (1 - SLI)) + SLI + E + M]}$$

where

- E = the rate at which the excise tax is assessed under Section 4999 of the Code (or any successor provisions);
- P = the amount with respect to which such excise tax is assessed, determined without regard to the Excise Tax Gross Up;
- FI = the highest effective marginal rate of income tax applicable to Executive under the Code for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions or other similar adjustments);
- SLI = the sum of the highest effective marginal rates of income tax applicable to Executive under all applicable state and local laws for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions and other similar adjustments); and
- M = the highest marginal rate of Medicare tax applicable to Executive under the Code for the taxable year in question.

With respect to any payment in the nature of compensation that is made to (or for the benefit of) Executive under the terms of this Agreement or otherwise and on which an excise tax under Section 4999 of the Code (or any successor provisions) may be assessed, the payment determined under this sub-paragraph 9(d) shall be paid to Executive at the time of the Change in Control but prior to the consummation of the transaction with any successor. It is the intention of the parties that the Company

16

provide Executive with a full tax gross-up under the provisions of this Paragraph, so that on a net after-tax basis, the result to Executive shall be the same as if the excise tax under Section 4999 of the Code (or any successor provisions) had not been imposed. The Excise Tax Gross Up may be adjusted if alternative minimum tax rules are applicable to Executive.

#### 10. MITIGATION / EFFECT ON EMPLOYEE BENEFIT PLANS AND PROGRAMS.

(a) MITIGATION. Executive shall not be required to mitigate amounts payable under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment. Amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive and such payment shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense, or other right which the Company may have against Executive or others.

(b) EFFECT ON EMPLOYEE BENEFIT PROGRAMS. The termination of Executive's

employment hereunder, whether by the Company or Executive, shall have no effect on the rights and obligations of the parties hereto under the Company's (i) welfare benefit plans including, without limitation, Medical Continuation as provided for herein and, health coverage thereafter but only to the extent required by law, and on the same basis applicable to other employees and (ii) 401(k) Plan but only to the extent required by law and pursuant to the terms of the 401(k) Plan.

17

#### 11. CONFIDENTIAL INFORMATION.

(a) Executive understands and acknowledges that during his employment with the Company, he will be exposed to Confidential Information (as defined below), all of which is proprietary and which will rightfully belong to the Company. Executive shall hold in a fiduciary capacity for the benefit of the Company such Confidential Information obtained by Executive during his employment with the Company and shall not, directly or indirectly, at any time, either during or after his employment with the Company, without the Company's prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than the Company or its employees, attorneys, accountants, financial advisors, consultants, or investment bankers except as required in the performance of his duties for the Company or as otherwise required by law. Executive shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft.

(b) The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry or otherwise not generally available to the public, which was obtained from the Company or its predecessors or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company or its predecessors. For purposes of this Paragraph 11, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any

18

entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

#### 12. RETURN OF DOCUMENTS.

Except for such items which are of a personal nature to Executive (e.g., daily business planner), all writings, records, and other documents and things containing any Confidential Information shall be the exclusive property of the Company, shall not be copied, summarized, extracted from, or removed from the premises of the Company, except in pursuit of the business of the Company and at the direction of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of Executive's employment or at any time as requested by the Company.

#### 13. NONCOMPETE.

Executive agrees that:

(a) During the Employment Period and, in the event (i) the Company terminates Executive's employment for Cause, or (ii) Executive terminates his employment without Good Reason, for a one (1) year period thereafter, Executive shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise primarily engaged in any office-service, flex, or office property development, acquisition or management activities without regard to whether or not such activities compete with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity

19

engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to the Excluded Properties,

if any, provided that during the Employment Period the performance of such activities does not prevent Executive from devoting substantially all of his business time to the Company.

(b) If, at the time of enforcement of this Paragraph 13, a court shall hold that the duration, scope, area or other restrictions stated herein are unreasonable, the parties agree that reasonable maximum duration, scope, area or other restrictions may be substituted by such court for the stated duration, scope, area or other restrictions and upon substitution by such court, this Agreement shall be automatically modified without further action by the parties hereto.

(c) For purposes of this Paragraph 13, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

#### 14. REMEDIES.

The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained in Paragraphs 11, 12 or 13 of this Agreement. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of Paragraphs 11, 12 or 13 of this

20

Agreement, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions thereof.

#### 15. INDEMNIFICATION/LEGAL FEES.

(a) INDEMNIFICATION. In the event the Executive is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Executive's employment with or serving as an officer or director of the Company, whether or not the basis of such Proceeding is alleged action in an official capacity, the Company shall indemnify, hold harmless and defend Executive to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Executive in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Executive) and such indemnification shall continue as to Executive even after Executive is no longer employed by the Company and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such expenses; but, only in the event that Executive shall have delivered in writing to the Company an undertaking to reimburse the Company for expenses with respect to which Executive is not entitled to indemnification. The provisions of this Paragraph

21

shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Executive under any separate agreement, or the by-laws of the Company since it is intended that this Agreement shall expand and extend the Executive's rights to receive indemnity.

(b) LEGAL FEES. If any contest or dispute shall arise between the Company and Executive regarding or as a result of any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

#### 16. SUCCESSORS AND ASSIGNS.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform

this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of an such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the

22

same amount and on the same terms as he would be entitled to hereunder if Executive terminated his employment hereunder within six (6) months of a Change in Control as set forth in Paragraph 9, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Executive pursuant to this Paragraph 16 shall be paid to Executive in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor.

(b) This Agreement and all rights of Executive hereunder may be transferred only by will or the laws of descent and distribution. Upon Executive's death, this Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's beneficiary or beneficiaries, personal or legal representatives, or estate, to the extent any such person succeeds to Executive's interests under this Agreement. Executive shall be entitled to select and change a beneficiary or beneficiaries to receive any benefit or compensation payable hereunder following Executive's death by giving Company written notice thereof. If Executive should die following the date of termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided

23

herein, shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, including, without limitation, under any applicable plan, or otherwise to his legal representatives or estate.

24

#### 17. TIMING OF AND NO DUPLICATION OF PAYMENTS.

All payments payable to Executive pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

#### 18. MODIFICATION OR WAIVER.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or Executive of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Executive's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

25

19. NOTICES.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Company or Executive, as applicable, at the address set forth above (or to such other address as shall have been previously provided in accordance with this Paragraph 19).

20. GOVERNING LAW.

This agreement will be governed by and construed in accordance with the laws of the State of New Jersey except as to Paragraph 15(a), without regard to principles of conflicts of laws thereunder.

21. SEVERABILITY.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of sub-paragraph 13(b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

22. LEGAL REPRESENTATION.

Each of the Company and Executive have been represented by counsel with respect to this Agreement.

23. COUNTERPARTS.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement.

24. HEADINGS.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

25. ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. The parties recognize that the Prior Agreement has been amended and restated in its entirety by this Agreement and the terms of the Prior Agreement are of no further force and effect.

26. SURVIVAL OF AGREEMENTS.

The covenants made in Paragraphs 5 through 15 and 21 each shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

MACK-CALI REALTY CORPORATION

By: -----  
Name:  
Title:

-----  
Roger W. Thomas



SCHEDULE A

61,342 square foot Shopping Center located at 267-71 Jericho Turnpike,  
Syosset, New York.

AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT  
FOR  
BARRY LEFKOWITZ

TABLE OF CONTENTS

	Page
	----
1. Employment.	2
2. Employment Period.	2
3. Services / Place of Employment.	3
4. Compensation and Benefits.	4
5. Termination of Employment and Change in Control.	6
6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.	9
7. Compensation Upon Termination of Employment Upon Death or Disability.	10
8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.	12
9. Change in Control.	13
10. Mitigation / Effect on Employee Benefit Plans and Programs.	17
11. Confidential Information.	17
12. Return of Documents.	18
13. Noncompete.	19
14. Remedies.	20
15. Indemnification/Legal Fees.	21
16. Successors and Assigns.	22
17. Timing of and No Duplication of Payments.	24
18. Modification or Waiver.	24
19. Notices.	25
20. Governing Law.	25
21. Severability.	25
22. Legal Representation.	26
23. Counterparts.	26
24. Headings.	26
25. Entire Agreement.	26
26. Survival of Agreements.	26

BARRY LEFKOWITZ

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement") is entered into as of December , 1997, by and between Barry Lefkowitz, an individual residing at 4 Borden Place, Livingston, New Jersey 07039 ("Executive"), and Mack-Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 (the "Company").

RECITALS

Whereas, Executive has served as Executive Vice President - Finance and Chief Financial Officer of the Company pursuant to his prior employment agreement dated as of January 21, 1997 (the "Prior Agreement") and prior thereto and, through such service, has acquired special and unique knowledge, abilities and expertise;

Whereas, in connection with the combination of Cali Realty Corporation with the Mack Companies (the "Mack Combination") the Prior Agreement is hereby amended and restated in its entirety as of the closing of the Mack Combination; and

Whereas, the Company desires to continue to employ Executive as Executive Vice President - Finance and Chief Financial Officer, and Executive desires to continue to be employed by the Company as Executive Vice President - Finance and Chief Financial Officer, pursuant to the amended and restated terms set forth herein.

Now, Therefore, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

1. Employment.

The Company hereby agrees to employ Executive, and Executive hereby agrees to accept such employment during the period and upon the terms and conditions set forth in this Agreement.

2. Employment Period.

(a) Except as otherwise provided in this Agreement to the contrary, the terms and conditions of this Agreement shall be and remain in effect during the period of employment (the "Employment Period") established under this Paragraph 2. The initial Employment Period shall be for a term commencing on the date of this Agreement and ending on the fifth anniversary of the date of this Agreement provided, however, that commencing on the day after the date of this Agreement and on each day thereafter, the Employment Period shall be extended for one additional day so that a constant five (5) year Employment Period shall be in effect, unless (i) the Company or Executive elects not to extend the term of this Agreement by giving written notice to the other party in accordance with Paragraph 19, in which case, subject to the provisions of sub-paragraph 5(a)(iv) below, the term of this Agreement shall become fixed and shall end on the fifth anniversary of the date of such written notice ("Notice of Non-Renewal"), or (ii) Executive's employment terminates hereunder.

(b) Notwithstanding anything contained herein to the contrary: (i) Executive's employment with the Company may be terminated by the Company or Executive during the Employment Period, subject to the terms and conditions of this Agreement; and (ii) nothing in this Agreement shall mandate or prohibit a

2

continuation of Executive's employment following the expiration of the Employment Period upon such terms and conditions as the Board of Directors of the Company (the "Board") and Executive may mutually agree.

(c) If Executive's employment with the Company is terminated, for purposes of this Agreement the term "Unexpired Employment Period" shall mean the period commencing on the date of such termination and ending on the last day of the Employment Period.

3. Services / Place of Employment.

(a) Services. During the Employment Period, Executive shall hold the positions of Executive Vice President - Finance and Chief Financial Officer of the Company. Executive shall devote his best efforts and substantially all of his business time, skill and attention to the business of the Company (other than absences due to vacation, illness, disability or approved leave of absence), and shall perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Chief Executive Officer and President; provided, however, that the foregoing is not intended to (a) preclude Executive from (i) owning and managing personal investments, including real estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (b) restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to those properties described in Schedule A, attached hereto, (the "Excluded Properties"), provided that the performance of the activities referred

3

to in clauses (a) and (b) does not prevent Executive from devoting substantially all of his business time to the Company.

(b) Place of Employment. The principal place of employment of Executive shall be at the Company's principal executive offices in Cranford, New Jersey.

4. Compensation and Benefits.

(a) Salary. During the Employment Period, the Company shall pay Executive a minimum annual base salary in the amount of \$300,000 (the "Annual Base Salary") payable in accordance with the Company's regular payroll

practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Company from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Chief Executive Officer and the President. In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent.

(b) Incentive Compensation/Bonuses. In addition, Executive shall be eligible for incentive compensation payable each year in such amounts as may be determined by the Option and Executive Compensation Committee of the Board (the "Compensation Committee") based upon, among other factors, growth in Funds from Operations per Common Share (as hereinafter defined) for the year. Executive shall be entitled to receive such bonuses and options to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") as

4

the Board or the Compensation Committee as the case may be shall approve, in its sole discretion, including, without limitation, options and bonuses contingent upon Executive's performance and the achievement of specified financial and operating objectives for Funds from Operations per Common Share. For purposes of this Agreement, "Funds from Operations per Common Share" for any period shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring and sale of property, plus real estate return, depreciation and amortization as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, as amended from time to time, and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Employment Period, divided by (ii) the sum of (A) the primary weighted average number of outstanding shares of Common Stock as it appears in the Company's financial statement for the applicable period and (B) the primary weighted average number of outstanding common limited partnership units ("Common OP Units") of Mack-Cali Realty, L.P., a Delaware limited partnership (the "Partnership") of which the Company is the sole general partner, for the applicable period. All classes of preferred stock which are convertible into Common Stock and all classes of preferred or other units which are convertible into Common OP Units shall be treated as if they have been converted into Common Stock or Common OP Units and shall be included in the denominator, irrespective of any waiting period which must elapse prior to conversion.

5

(c) Taxes and Withholding. The Company shall have the right to deduct and withhold from all compensation all social security and other federal, state and local taxes and charges which currently are or which hereafter may be required by law to be so deducted and withheld.

(d) Additional Benefits. In addition to the compensation specified above and other benefits provided pursuant to this Paragraph 4, Executive shall be entitled to the following benefits:

- (i) participation in the Employee Stock Option Plan of Cali Realty Corporation, the Cali Realty Corporation 401(k) Savings and Retirement Plan (subject to statutory rules and maximum contributions and non-discrimination requirements applicable to 401(k) plans) and such other benefit plans and programs, including but not limited to restricted stock, phantom stock and/or unit awards, loan programs and any other incentive compensation plans or programs (whether or not employee benefit plans or programs), as maintained by the Company from time to time and made generally available to executives of the Company with such participation to be consistent with reasonable Company guidelines;
- (ii) participation in any health insurance, disability insurance, paid vacation, group life insurance or other welfare benefit program made generally available to executives of the Company; and
- (iii) reimbursement for reasonable business expenses incurred by Executive in furtherance of the interests of the Company including a monthly allowance of twelve hundred (\$1,200) which is intended to cover the cost of local business-related travel expenses exclusive of amounts paid to third-parties (e.g. taxi service).

#### 5. Termination of Employment and Change in Control.

(a) Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

- (i) Cause. The Company shall have the right to terminate Executive's employment for Cause upon Executive's: (A) willful and continued

failure to use best efforts to substantially perform his duties hereunder (other than any such failure resulting from Executive's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes Executive has not substantially performed his duties; (B) willful misconduct and/or willful violation of Paragraph 11 hereof, which is materially economically injurious to the Company and the Partnership taken as a whole; (C) the willful violation of the provisions of Paragraph 13 hereof; or (D) conviction of, or plea of guilty to a felony. For purposes of this sub-paragraph 5(a), no act, or failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by him (I) not in good faith and (II) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

- (ii) Death. Executive's employment hereunder shall terminate upon his death.
- (iii) Disability. The Company shall have the right to terminate Executive's employment due to "Disability" in the event that there is a determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to Executive, that Executive has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.
- (iv) Good Reason. Executive shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Company which shall include but not be limited to; an assignment to Executive of duties materially and adversely inconsistent with Executive's status as Executive Vice President - Finance and Chief Financial Officer or a material or adverse alteration in the nature of or diminution in Executive's duties and/or responsibilities, reporting obligations, titles or authority; (B) upon a reduction in Executive's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 hereof; (C) within six (6) months following the date a Notice of Non-Renewal is issued by the Company pursuant to Paragraph 2 hereof; (D) on or within six (6) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in sub-paragraph

5(a)(vii) hereof; (E) any purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of sub-paragraph 5(a)(i) (and for purposes of this Agreement, in the event of such failure to comply, no such purported termination shall be effective); or (F) upon the relocation of the Company's principal executive offices or Executive's own office location to a location more than thirty (30) miles away from Cranford, New Jersey.

- (v) Without Cause. The Company shall have the right to terminate the Executive's employment hereunder without Cause subject to the terms and conditions of this Agreement.
- (vi) Without Good Reason. The Executive shall have the right to terminate his employment hereunder without Good Reason subject to the terms and conditions of this Agreement.
- (vii) Change in Control. Executive shall have the right to terminate his employment hereunder on or within six (6) months following a Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, (irrespective of any vesting or waiting periods) of (I) Common Stock or any class of stock convertible

into Common Stock and/or (II) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; (B) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company; (C) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Company and

8

unitholders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole; or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination. Any termination of Executive's employment by the Company or any such termination by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. In the event of the termination of Executive's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.

In the event the Company terminates Executive's employment for Cause or Executive terminates his employment without Good Reason, the Company shall pay Executive any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination. In addition, in such event, Executive shall be entitled (i) to receive any earned but unpaid incentive

9

compensation or bonuses and (ii) to exercise any options which have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan.

Except for any rights which Executive may have to unpaid salary amounts through and including the date of termination, earned but unpaid incentive compensation or bonuses and vested options, the Company shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

7. Compensation Upon Termination of Employment Upon Death or Disability.

In the event of termination of Executive's employment as a result of either Executive's death or Disability, the Company shall pay to Executive, his estate or his personal representative (i) the unpaid Annual Base Salary at the rate then in effect through the end of the Unexpired Employment Period (the "Annual Base Salary Payment"); (ii) a pro-rata portion, based upon the number of days in the period beginning with the date of the termination of Executive's employment due to death or Disability and ending with the last day of the Unexpired Employment Period, of the cash equivalent of the average annual amount of all other compensation based on the average of the last two (2) calendar years immediately preceding the year in which Executive's termination of employment occurs including, without limitation, incentive compensation payments, bonuses and stock based compensation (e.g., stock options, restricted stock awards, etc.) paid, granted or accreted to Executive during such years (the "Pro-Rata Portion of Other Compensation") and (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"). The aforesaid

10

amounts shall be payable in cash without discount for early payment, at the

option of Executive, his estate or his personal representative, either in full immediately upon such termination or monthly over the Unexpired Employment Period (the "Payment Election"). In the event of termination of employment due to Disability, Executive shall also receive continuation of health coverage through the end of the Unexpired Employment Period on the same basis as health coverage is provided by the Company for active employees and as may be amended from time to time ("Medical Continuation").

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including, without limitation, restricted stock, phantom stock, units and any loan forgiveness arrangements granted to Executive ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to Executive shall immediately vest as of the date of such termination (the "Vested Options") and Executive shall be entitled at the option of Executive, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of this Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of Executive's termination) to repurchase all or any portion of Executive's vested options to purchase shares

11

of Common Stock at a price equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the shares of Common Stock for which the options to be repurchased are exercisable and the exercise price of such options as of the date of Executive's termination of employment (the "Vested Option Exercise Election"). In the event of a conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

Except for any rights which Executive may have to all of the above including the Annual Base Salary Payment, the Pro-Rata Portion of Other Compensation, Vested Incentive Compensation, Vested Options, Expense Reimbursement and in the event of a termination of employment due to Disability, Medical Continuation, the Company shall have no further obligations hereunder following such termination. For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange on which the Common Stock is primarily traded) of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of Executive's employment.

8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.

In the event the Company terminates Executive's employment for any reason other than Cause or Executive terminates his employment for Good Reason, the Company shall pay to Executive and Executive shall be entitled to receive the greater of (i) three million dollars (\$3,000,000) with such amount subject only

12

to upwards adjustment from time to time by the Compensation Committee (the "Fixed Amount") or (ii) the sum total of (A) the Annual Base Salary Payment and (B) the Pro-Rata Portion of Other Compensation. The aforesaid amount shall be payable in cash without discount for early payment, at the option of Executive, either in full immediately upon such termination or monthly over the Unexpired Employment Period.

In addition, the Executive shall be entitled to receive Vested Incentive Compensation, Vested Options exercisable pursuant to the Vested Option Exercise Election, Medical Continuation, and Expense Reimbursement. Executive understands that any options exercised more than ninety (90) days following the date of his termination of employment which were granted as incentive stock options shall automatically be converted into non-qualified options.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options, Medical Continuation and Expense Reimbursement and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination. The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Executive's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to Executive for the Employment Period.

## 9. Change in Control.

(a) Options. Any Incentive Compensation and options granted to Executive that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in Control, nor the vesting in any options as a result thereof shall require Executive to exercise any options. In the event of a conflict between any Incentive Compensation grant agreement or program or any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) Upon Termination. In the event Executive terminates his employment on or following a Change in Control as set forth in sub-paragraph 5(a)(vii), the Company shall pay to Executive and Executive shall be entitled to all the payments and rights Executive would have had if Executive had terminated his employment with Good Reason as set forth in Paragraph 8.

The aforesaid amount shall be payable in accordance with Executive's Payment Election.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options (including, without limitation, by acceleration in accordance with sub-paragraph 9(a)), Medical Continuation, Expense Reimbursement and the Excise Tax Gross Up set forth in subparagraph 9(d), and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination.

(c) Retention Payment. Prior to the date of a Change in Control and subject to the approval of the Board, Executive may make an election to receive, as a retention payment, the payments and rights set forth sub-paragraph 9(b) above (the "Retention Payment") and remain in the employ of the successor after the Change in Control. In the event that Executive makes such election and the Board approves the same, this Agreement shall remain in full force and effect except that (i) simultaneously with the receipt of the Retention Payment, Executive shall waive any right to receive any additional payment as a direct result of such Change in Control, and (ii) other than with respect to the consummation of a subsequent transaction which constitutes a Change in Control and is unrelated to the Change in Control with respect to which the Retention Payment was paid, termination payments otherwise due subsequently under this Agreement for any event requiring payment of termination payments under this Agreement which occurs within the six (6) month period immediately following the date of the Change In Control as to which the Retention Payment was paid shall be reduced by the Retention Payment paid to Executive on the date of the Change in Control.

Any cash payments owed to Executive pursuant to this sub-paragraph 9(c) shall be paid to Executive in a single sum without discount for early payment at the time of the Change in Control but prior to the consummation of the transaction with any successor.

(d) Excise Tax Gross Up. In addition, if it is determined by an independent accountant mutually acceptable to the Company and Executive that as a result of any payment in the nature of compensation made by the Company to (or for the benefit of) Executive pursuant to this Agreement or otherwise, an excise

tax may be imposed on Executive pursuant to Section 4999 of the Code (or any successor provisions), the Company shall pay Executive in cash an amount equal to X determined under the following formula: (the "Excise Tax Gross Up"):

$$X = \frac{E \times P}{1 - [(FI \times (1 - SLI)) + SLI + E + M]}$$

where

- E = the rate at which the excise tax is assessed under Section 4999 of the Code (or any successor provisions);
- P = the amount with respect to which such excise tax is assessed, determined without regard to the Excise Tax Gross Up;
- FI = the highest effective marginal rate of income tax applicable to Executive under the Code for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions or other similar adjustments);
- SLI = the sum of the highest effective marginal rates of income tax



applicable to Executive under all applicable state and local laws for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions and other similar adjustments); and

M = the highest marginal rate of Medicare tax applicable to Executive under the Code for the taxable year in question.

With respect to any payment in the nature of compensation that is made to (or for the benefit of) Executive under the terms of this Agreement or otherwise and on which an excise tax under Section 4999 of the Code (or any successor provisions) may be assessed, the payment determined under this sub-paragraph 9(d) shall be paid to Executive at the time of the Change in Control but prior to the consummation of the transaction with any successor. It is the intention

16

of the parties that the Company provide Executive with a full tax gross-up under the provisions of this Paragraph, so that on a net after-tax basis, the result to Executive shall be the same as if the excise tax under Section 4999 of the Code (or any successor provisions) had not been imposed. The Excise Tax Gross Up may be adjusted if alternative minimum tax rules are applicable to Executive.

#### 10. Mitigation / Effect on Employee Benefit Plans and Programs.

(a) Mitigation. Executive shall not be required to mitigate amounts payable under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment. Amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive and such payment shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense, or other right which the Company may have against Executive or others.

(b) Effect on Employee Benefit Programs. The termination of Executive's employment hereunder, whether by the Company or Executive, shall have no effect on the rights and obligations of the parties hereto under the Company's (i) welfare benefit plans including, without limitation, Medical Continuation as provided for herein and, health coverage thereafter but only to the extent required by law, and on the same basis applicable to other employees and (ii) 401(k) Plan but only to the extent required by law and pursuant to the terms of the 401(k) Plan.

17

#### 11. Confidential Information.

(a) Executive understands and acknowledges that during his employment with the Company, he will be exposed to Confidential Information (as defined below), all of which is proprietary and which will rightfully belong to the Company. Executive shall hold in a fiduciary capacity for the benefit of the Company such Confidential Information obtained by Executive during his employment with the Company and shall not, directly or indirectly, at any time, either during or after his employment with the Company, without the Company's prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than the Company or its employees, attorneys, accountants, financial advisors, consultants, or investment bankers except as required in the performance of his duties for the Company or as otherwise required by law. Executive shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft.

(b) The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry or otherwise not generally available to the public, which was obtained from the Company or its predecessors or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company or its predecessors. For purposes of this Paragraph 11, the Company shall be deemed to include any entity which is controlled, directly or

18

indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

#### 12. Return of Documents.

Except for such items which are of a personal nature to Executive (e.g., daily business planner), all writings, records, and other documents and things containing any Confidential Information shall be the exclusive property of the Company, shall not be copied, summarized, extracted from, or removed from the

premises of the Company, except in pursuit of the business of the Company and at the direction of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of Executive's employment or at any time as requested by the Company.

13. Noncompete.

Executive agrees that:

(a) During the Employment Period and, in the event (i) the Company terminates Executive's employment for Cause, or (ii) Executive terminates his employment without Good Reason, for a one (1) year period thereafter, Executive shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise primarily engaged in any office-service, flex, or office property development, acquisition or management activities without regard to whether or not such activities compete with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business

19

which is publicly traded, so long as he has no active participation in the business of such corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit Executive from conducting real estate development, acquisition or management activities with respect to the Excluded Properties, if any, provided that during the Employment Period the performance of such activities does not prevent Executive from devoting substantially all of his business time to the Company.

(b) If, at the time of enforcement of this Paragraph 13, a court shall hold that the duration, scope, area or other restrictions stated herein are unreasonable, the parties agree that reasonable maximum duration, scope, area or other restrictions may be substituted by such court for the stated duration, scope, area or other restrictions and upon substitution by such court, this Agreement shall be automatically modified without further action by the parties hereto.

(c) For purposes of this Paragraph 13, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

14. Remedies.

The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained in Paragraphs 11, 12 or 13 of this Agreement. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of Paragraphs 11, 12 or 13 of this Agreement, the Company may, in addition and supplementary

20

to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions thereof.

15. Indemnification/Legal Fees.

(a) Indemnification. In the event the Executive is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Executive's employment with or serving as an officer or director of the Company, whether or not the basis of such Proceeding is alleged action in an official capacity, the Company shall indemnify, hold harmless and defend Executive to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Executive in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Executive) and such indemnification shall continue as to Executive even after Executive is no longer employed by the Company and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such expenses; but, only in the event that Executive shall have delivered in writing to the Company an undertaking to reimburse the Company for expenses with respect to which Executive is not entitled to indemnification.

21

The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Executive under any separate agreement, or the by-laws of the Company since it is intended that this Agreement shall expand and extend the Executive's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Company and Executive regarding or as a result of any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

#### 16. Successors and Assigns.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of an such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he

22

would be entitled to hereunder if Executive terminated his employment hereunder within six (6) months of a Change in Control as set forth in Paragraph 9, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Executive pursuant to this Paragraph 16 shall be paid to Executive in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor.

(b) This Agreement and all rights of Executive hereunder may be transferred only by will or the laws of descent and distribution. Upon Executive's death, this Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's beneficiary or beneficiaries, personal or legal representatives, or estate, to the extent any such person succeeds to Executive's interests under this Agreement. Executive shall be entitled to select and change a beneficiary or beneficiaries to receive any benefit or compensation payable hereunder following Executive's death by giving Company written notice thereof. If Executive should die following the date of termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein,

23

shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, including, without limitation, under any applicable plan, or otherwise to his legal representatives or estate.

24

#### 17. Timing of and No Duplication of Payments.

All payments payable to Executive pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

18. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or Executive of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Executive's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

25

19. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Company or Executive, as applicable, at the address set forth above (or to such other address as shall have been previously provided in accordance with this Paragraph 19).

20. Governing Law.

This agreement will be governed by and construed in accordance with the laws of the State of New Jersey except as to Paragraph 15(a), without regard to principles of conflicts of laws thereunder.

21. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of sub-paragraph 13(b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

26

22. Legal Representation.

Each of the Company and Executive have been represented by counsel with respect to this Agreement.

23. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement.

24. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

25. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. The parties recognize that the Prior Agreement has been amended and restated in its entirety by this Agreement and the terms of the Prior Agreement are of no further force and effect.

26. Survival of Agreements.

27

The covenants made in Paragraphs 5 through 15 and 21 each shall survive the termination of this Agreement.

In Witness Whereof, the undersigned have executed this Agreement as of the date first above written.

MACK-CALI REALTY CORPORATION

By: -----

Name:

Title:

-----  
Barry Lefkowitz

28

SCHEDULE A

None.

29

AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT  
FOR  
TIMOTHY M. JONES  
TABLE OF CONTENTS

	PAGE
	-----
1. EMPLOYMENT.....	4
2. EMPLOYMENT PERIOD.....	4
3. SERVICES / PLACE OF EMPLOYMENT.....	5
4. COMPENSATION AND BENEFITS.....	6
5. TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL.....	8
6. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY FOR CAUSE OR BY EXECUTIVE WITHOUT GOOD REASON.....	11
7. COMPENSATION UPON TERMINATION OF EMPLOYMENT UPON DEATH OR DISABILITY.....	11
8. COMPENSATION UPON TERMINATION OF EMPLOYMENT BY THE COMPANY WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON.....	14
9. CHANGE IN CONTROL.....	15
10. MITIGATION / EFFECT ON EMPLOYEE BENEFIT PLANS AND PROGRAMS.....	18
11. CONFIDENTIAL INFORMATION.....	19
12. RETURN OF DOCUMENTS.....	20
13. NONCOMPETE.....	20
14. REMEDIES.....	22
15. INDEMNIFICATION/LEGAL FEES.....	22
16. SUCCESSORS AND ASSIGNS.....	23
17. TIMING OF AND NO DUPLICATION OF PAYMENTS.....	25
18. MODIFICATION OR WAIVER.....	25
19. NOTICES.....	26
20. GOVERNING LAW.....	26
21. SEVERABILITY.....	26
22. LEGAL REPRESENTATION.....	27
23. COUNTERPARTS.....	27
24. HEADINGS.....	30
25. ENTIRE AGREEMENT.....	30
26. SURVIVAL OF AGREEMENTS.....	30

TIMOTHY M. JONES

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement") is entered into as of December \_\_, 1997, by and between Timothy M. Jones, an individual residing at 20 Church Street, Greenwich, Connecticut 06830 ("Executive"), and Mack-Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 (the "Company").

RECITALS

Whereas, Executive has served as Executive Vice President of the Company

pursuant to his prior employment agreement dated as of January 21, 1997 (the "Prior Agreement") and prior thereto and, through such service, has acquired special and unique knowledge, abilities and expertise;

Whereas, in connection with the combination of Cali Realty Corporation with the Mack Companies (the "Mack Combination") the Prior Agreement is hereby amended and restated in its entirety as of the closing of the Mack Combination; and

Whereas, the Company desires to continue to employ Executive as Executive Vice President, and Executive desires to continue to be employed by the Company as Executive Vice President, pursuant to the amended and restated terms set forth herein.

Now, Therefore, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

1. Employment.

The Company hereby agrees to employ Executive, and Executive hereby agrees to accept such employment during the period and upon the terms and conditions set forth in this Agreement.

2. Employment Period.

(a) Except as otherwise provided in this Agreement to the contrary, the terms and conditions of this Agreement shall be and remain in effect during the period of employment (the "Employment Period") established under this Paragraph 2. The initial Employment Period shall be for a term commencing on the date of this Agreement and ending on the fifth anniversary of the date of this Agreement provided, however, that commencing on the day after the date of this Agreement and on each day thereafter, the Employment Period shall be extended for one additional day so that a constant five (5) year Employment Period shall be in effect, unless (i) the Company or Executive elects not to extend the term of this Agreement by giving written notice to the other party in accordance with Paragraph 19, in which case, subject to the provisions of sub-paragraph 5(a)(iv) below, the term of this Agreement shall become fixed and shall end on the fifth anniversary of the date of such written notice ("Notice of Non-Renewal"), or (ii) Executive's employment terminates hereunder.

(b) Notwithstanding anything contained herein to the contrary: (i) Executive's employment with the Company may be terminated by the Company or Executive during the Employment Period, subject to the terms and conditions of this Agreement; and (ii) nothing in this Agreement shall mandate or prohibit a continuation

2

of Executive's employment following the expiration of the Employment Period upon such terms and conditions as the Board of Directors of the Company (the "Board") and Executive may mutually agree.

(c) If Executive's employment with the Company is terminated, for purposes of this Agreement the term "Unexpired Employment Period" shall mean the period commencing on the date of such termination and ending on the last day of the Employment Period.

3. Services / Place of Employment.

(a) Services. During the Employment Period, Executive shall hold the position of Executive Vice President of the Company. Executive shall devote his best efforts and substantially all of his business time, skill and attention to the business of the Company (other than absences due to vacation, illness, disability or approved leave of absence), and shall perform such duties as are customarily performed by similar executive officers and as may be more specifically enumerated from time to time by the Chief Executive Officer and President; provided, however, that the foregoing is not intended to (a) preclude Executive from (i) owning and managing personal investments, including real estate investments, subject to the restrictions set forth in Paragraph 13 hereof or (ii) engaging in charitable activities and community affairs, or (b) restrict or otherwise limit Executive from conducting the activities described in Schedule A, attached hereto, (the "Excluded Activities"), provided that the performance of the activities referred to in clauses (a) and (b) does not prevent Executive from devoting substantially all of his business time to the Company.

3

(b) Place of Employment. The principal place of employment of Executive shall be at the Company's principal executive offices in Cranford, New Jersey.

#### 4. Compensation and Benefits.

(a) Salary. During the Employment Period, the Company shall pay Executive a minimum annual base salary in the amount of \$325,000 (the "Annual Base Salary") payable in accordance with the Company's regular payroll practices. Executive's Annual Base Salary shall be reviewed annually in accordance with the policy of the Company from time to time and may be subject to upward adjustment based upon, among other things, Executive's performance, as determined in the sole discretion of the Chief Executive Officer and the President. In no event shall Executive's Annual Base Salary in effect at a particular time be reduced without his prior written consent.

(b) Incentive Compensation/Bonuses. In addition, Executive shall be eligible for incentive compensation payable each year in such amounts as may be determined by the Option and Executive Compensation Committee of the Board (the "Compensation Committee") based upon, among other factors, growth in Funds from Operations per Common Share (as hereinafter defined) for the year. Executive shall be entitled to receive such bonuses and options to purchase shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") as the Board or the Compensation Committee as the case may be shall approve, in its sole discretion, including, without limitation, options and bonuses contingent upon Executive's

4

performance and the achievement of specified financial and operating objectives for Funds from Operations per Common Share. For purposes of this Agreement, "Funds from Operations per Common Share" for any period shall mean (i) net income (loss) before minority interest of unit holders, computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring and sale of property, plus real estate return, depreciation and amortization as calculated in accordance with the National Association of Real Estate Investment Trusts definition published in March 1995, as amended from time to time, and as applied in accordance with the accounting practices and policies of the Company in effect from time to time on a consistent basis to the entire Employment Period, divided by (ii) the sum of (A) the primary weighted average number of outstanding shares of Common Stock as it appears in the Company's financial statement for the applicable period and (B) the primary weighted average number of outstanding common limited partnership units ("Common OP Units") of Mack-Cali Realty, L.P., a Delaware limited partnership (the "Partnership") of which the Company is the sole general partner, for the applicable period. All classes of preferred stock which are convertible into Common Stock and all classes of preferred or other units which are convertible into Common OP Units shall be treated as if they have been converted into Common Stock or Common OP Units and shall be included in the denominator, irrespective of any waiting period which must elapse prior to conversion.

(c) Taxes and Withholding. The Company shall have the right to deduct and withhold from all compensation all social security and other federal, state

5

and local taxes and charges which currently are or which hereafter may be required by law to be so deducted and withheld.

(d) Additional Benefits. In addition to the compensation specified above and other benefits provided pursuant to this Paragraph 4, Executive shall be entitled to the following benefits:

- (i) participation in the Employee Stock Option Plan of Cali Realty Corporation, the Cali Realty Corporation 401(k) Savings and Retirement Plan (subject to statutory rules and maximum contributions and non-discrimination requirements applicable to 401(k) plans) and such other benefit plans and programs, including but not limited to restricted stock, phantom stock and/or unit awards, loan programs and any other incentive compensation plans or programs (whether or not employee benefit plans or programs), as maintained by the Company from time to time and made generally available to executives of the Company with such participation to be consistent with reasonable Company guidelines;
- (ii) participation in any health insurance, disability insurance, paid vacation, group life insurance or other welfare benefit program made generally available to executives of the Company; and
- (iii) reimbursement for reasonable business expenses incurred by Executive in furtherance of the interests of the Company including a monthly allowance of twelve hundred (\$1,200) which is intended to cover the cost of local business-related travel expenses exclusive of amounts paid to third-parties (e.g. taxi



service).

5. Termination of Employment and Change in Control.

(a) Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

- (i) Cause. The Company shall have the right to terminate Executive's employment for Cause upon Executive's: (A) willful and continued failure to use best efforts to substantially perform his duties hereunder (other than any such failure resulting from Executive's incapacity due to physical or mental illness) for a period of thirty (30) days after written demand for substantial performance is

6

delivered by the Company specifically identifying the manner in which the Company believes Executive has not substantially performed his duties; (B) willful misconduct and/or willful violation of Paragraph 11 hereof, which is materially economically injurious to the Company and the Partnership taken as a whole; (C) the willful violation of the provisions of Paragraph 13 hereof; or (D) conviction of, or plea of guilty to a felony. For purposes of this sub-paragraph 5(a), no act, or failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by him (I) not in good faith and (II) without reasonable belief that his action or omission was in furtherance of the interests of the Company.

- (ii) Death. Executive's employment hereunder shall terminate upon his death.
- (iii) Disability. The Company shall have the right to terminate Executive's employment due to "Disability" in the event that there is a determination by the Company, upon the advice of an independent qualified physician, reasonably acceptable to Executive, that Executive has become physically or mentally incapable of performing his duties under this Agreement and such disability has disabled Executive for a cumulative period of one hundred eighty (180) days within a twelve (12) month period.
- (iv) Good Reason. Executive shall have the right to terminate his employment for "Good Reason": (A) upon the occurrence of any material breach of this Agreement by the Company which shall include but not be limited to; an assignment to Executive of duties materially and adversely inconsistent with Executive's status as Executive Vice President or a material or adverse alteration in the nature of or diminution in Executive's duties and/or responsibilities, reporting obligations, titles or authority; (B) upon a reduction in Executive's Annual Base Salary or a material reduction in other benefits (except for bonuses or similar discretionary payments) as in effect at the time in question, a failure to pay such amounts when due or any other failure by the Company to comply with Paragraph 4 hereof; (C) within six (6) months following the date a Notice of Non-Renewal is issued by the Company pursuant to Paragraph 2 hereof; (D) on or within six (6) months following a Change in Control (as hereinafter defined) in accordance with the provisions set forth in sub-paragraph 5(a)(vii) hereof; (E) any purported termination of Executive's employment for Cause which is not effected pursuant to the procedures of sub-paragraph 5(a)(i) (and for purposes of this Agreement, in the event of such failure to comply, no such purported termination shall be effective); or (F)

7

upon the relocation of the Company's principal executive offices or Executive's own office location to a location more than thirty (30) miles away from Cranford, New Jersey.

- (v) Without Cause. The Company shall have the right to terminate the Executive's employment hereunder without Cause subject to the terms and conditions of this Agreement.
- (vi) Without Good Reason. The Executive shall have the right to terminate his employment hereunder without Good Reason subject to the terms and conditions of this Agreement.
- (vii) Change in Control. Executive shall have the right to terminate his employment hereunder on or within six (6) months following a

Change in Control. Such termination shall be deemed a termination for Good Reason hereunder. For purposes of this Agreement "Change in Control" shall mean that any of the following events has occurred: (A) any "person" or "group" of persons, as such terms are used in Sections 13 and 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than any employee benefit plan sponsored by the Company, becomes the "beneficial owner", as such term is used in Section 13 of the Exchange Act, (irrespective of any vesting or waiting periods) of (I) Common Stock or any class of stock convertible into Common Stock and/or (II) Common OP Units or preferred units or any other class of units convertible into Common OP Units, in an amount equal to twenty (20%) percent or more of the sum total of the Common Stock and the Common OP Units (treating all classes of outstanding stock, units or other securities convertible into stock units as if they were converted into Common Stock or Common OP Units as the case may be and then treating Common Stock and Common OP Units as if they were a single class) issued and outstanding immediately prior to such acquisition as if they were a single class and disregarding any equity raise in connection with the financing of such transaction; (B) any Common Stock is purchased pursuant to a tender or exchange offer other than an offer by the Company; (C) the dissolution or liquidation of the Company or the consummation of any merger or consolidation of the Company or any sale or other disposition of all or substantially all of its assets, if the shareholders of the Company and unitholders of the Partnership taken as a whole and considered as one class immediately before such transaction own, immediately after consummation of such transaction, equity securities and partnership units possessing less than fifty (50%) percent of the surviving or acquiring company and partnership taken as a whole;

8

or (D) a turnover, during any two (2) year period, of the majority of the members of the Board, without the consent of the remaining members of the Board as to the appointment of the new Board members.

(b) Notice of Termination. Any termination of Executive's employment by the Company or any such termination by Executive (other than on account of death) shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. In the event of the termination of Executive's employment on account of death, written Notice of Termination shall be deemed to have been provided on the date of death.

6. Compensation Upon Termination of Employment By the Company for Cause or By Executive without Good Reason.

In the event the Company terminates Executive's employment for Cause or Executive terminates his employment without Good Reason, the Company shall pay Executive any unpaid Annual Base Salary at the rate then in effect accrued through and including the date of termination. In addition, in such event, Executive shall be entitled (i) to receive any earned but unpaid incentive compensation or bonuses and (ii) to exercise any options which have vested and are exercisable in accordance with the terms of the applicable option grant agreement or plan.

Except for any rights which Executive may have to unpaid salary amounts through and including the date of termination, earned but unpaid incentive

9

compensation or bonuses and vested options, the Company shall have no further obligations hereunder following such termination. The aforesaid amounts shall be payable in full immediately upon such termination.

7. Compensation Upon Termination of Employment Upon Death or Disability.

In the event of termination of Executive's employment as a result of either Executive's death or Disability, the Company shall pay to Executive, his estate or his personal representative (i) the unpaid Annual Base Salary at the rate then in effect through the end of the Unexpired Employment Period (the "Annual Base Salary Payment"); (ii) a pro-rata portion, based upon the number of days in the period beginning with the date of the termination of Executive's employment due to death or Disability and ending with the last day of the Unexpired Employment Period, of the cash equivalent of the average

annual amount of all other compensation based on the average of the last two (2) calendar years immediately preceding the year in which Executive's termination of employment occurs including, without limitation, incentive compensation payments, bonuses and stock based compensation (e.g., stock options, restricted stock awards, etc.) paid, granted or accreted to Executive during such years (the "Pro-Rata Portion of Other Compensation") and (iii) reimbursement of expenses incurred prior to date of termination ("Expense Reimbursement"). The aforesaid amounts shall be payable in cash without discount for early payment, at the option of Executive, his estate or his personal representative, either in full immediately upon such termination or monthly over the Unexpired Employment Period (the "Payment Election"). In the event of termination of employment due to Disability, Executive shall

10

also receive continuation of health coverage through the end of the Unexpired Employment Period on the same basis as health coverage is provided by the Company for active employees and as may be amended from time to time ("Medical Continuation").

In addition, all (A) incentive compensation payments or programs of any nature whether stock based or otherwise that are subject to a vesting schedule including, without limitation, restricted stock, phantom stock, units and any loan forgiveness arrangements granted to Executive ("Incentive Compensation") shall immediately vest as of the date of such termination ("Vested Incentive Compensation") and (B) options granted to Executive shall immediately vest as of the date of such termination (the "Vested Options") and Executive shall be entitled at the option of Executive, his estate or his personal representative, within one (1) year of the date of such termination, to exercise any options which have vested (including, without limitation, by acceleration in accordance with the terms of this Agreement, the applicable option grant agreement or plan) and are exercisable in accordance with the terms of the applicable option grant agreement or plan and/or any other methods or procedures for exercise applicable to optionees or to require the Company (upon written notice delivered within one hundred eighty (180) days following the date of Executive's termination) to repurchase all or any portion of Executive's vested options to purchase shares of Common Stock at a price equal to the difference between the Repurchase Fair Market Value (as hereinafter defined) of the shares of Common Stock for which the options to be repurchased are exercisable and the exercise price of such options as of the date of Executive's termination of employment (the "Vested Option Exercise Election"). In the event of a

11

conflict between any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

Except for any rights which Executive may have to all of the above including the Annual Base Salary Payment, the Pro-Rata Portion of Other Compensation, Vested Incentive Compensation, Vested Options, Expense Reimbursement and in the event of a termination of employment due to Disability, Medical Continuation, the Company shall have no further obligations hereunder following such termination.

For purposes of this Agreement, "Repurchase Fair Market Value" shall mean the average of the closing price on the New York Stock Exchange (or such other exchange on which the Common Stock is primarily traded) of the Common Stock on each of the trading days within the thirty (30) days immediately preceding the date of termination of Executive's employment.

8. Compensation Upon Termination of Employment By the Company Without Cause or By Executive for Good Reason.

In the event the Company terminates Executive's employment for any reason other than Cause or Executive terminates his employment for Good Reason, the Company shall pay to Executive and Executive shall be entitled to receive the greater of (i) three million two hundred thousand dollars (\$3,200,000) with such amount subject only to upwards adjustment from time to time by the Compensation Committee (the "Fixed Amount") or (ii) the sum total of (A) the Annual Base Salary Payment and (B) the Pro-Rata Portion of Other Compensation. The aforesaid amount shall be payable in

12

cash without discount for early payment, at the option of Executive, either in full immediately upon such termination or monthly over the Unexpired Employment Period.

In addition, the Executive shall be entitled to receive Vested Incentive Compensation, Vested Options exercisable pursuant to the Vested Option Exercise Election, Medical Continuation, and Expense Reimbursement. Executive

understands that any options exercised more than ninety (90) days following the date of his termination of employment which were granted as incentive stock options shall automatically be converted into non-qualified options.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options, Medical Continuation and Expense Reimbursement and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination. The parties both agree that the agreement to make these payments was consideration and an inducement to obtain Executive's consent to enter into this Agreement. The payments are not a penalty and neither party will claim them to be a penalty. Rather, the payments represent a fair approximation of reasonable amounts due to Executive for the Employment Period.

#### 9. Change in Control.

(a) Options. Any Incentive Compensation and options granted to Executive that have not vested as of the date of a Change in Control shall immediately vest upon the date of the Change in Control. Neither the occurrence of a Change in

13

Control, nor the vesting in any options as a result thereof shall require Executive to exercise any options. In the event of a conflict between any Incentive Compensation grant agreement or program or any option grant agreement or plan and this Agreement, the terms of this Agreement shall control.

(b) Upon Termination. In the event Executive terminates his employment on or following a Change in Control as set forth in sub-paragraph 5(a)(vii), the Company shall pay to Executive and Executive shall be entitled to all the payments and rights Executive would have had if Executive had terminated his employment with Good Reason as set forth in Paragraph 8.

The aforesaid amount shall be payable in accordance with Executive's Payment Election.

Except for any rights which Executive may have to Vested Incentive Compensation, Vested Options (including, without limitation, by acceleration in accordance with sub-paragraph 9(a)), Medical Continuation, Expense Reimbursement and the Excise Tax Gross Up set forth in subparagraph 9(d), and either the Fixed Amount or in lieu thereof to the Annual Base Salary Payment, and the Pro-Rata Portion of Other Compensation (as defined in Paragraph 7), the Company shall have no further obligations hereunder following such termination.

(c) Retention Payment. Prior to the date of a Change in Control and subject to the approval of the Board, Executive may make an election to receive, as a retention payment, the payments and rights set forth sub-paragraph 9(b) above (the "Retention Payment") and remain in the employ of the successor after the Change in Control. In the event that Executive makes such election and the Board approves the

14

same, this Agreement shall remain in full force and effect except that (i) simultaneously with the receipt of the Retention Payment, Executive shall waive any right to receive any additional payment as a direct result of such Change in Control, and (ii) other than with respect to the consummation of a subsequent transaction which constitutes a Change in Control and is unrelated to the Change in Control with respect to which the Retention Payment was paid, termination payments otherwise due subsequently under this Agreement for any event requiring payment of termination payments under this Agreement which occurs within the six (6) month period immediately following the date of the Change In Control as to which the Retention Payment was paid shall be reduced by the Retention Payment paid to Executive on the date of the Change in Control.

Any cash payments owed to Executive pursuant to this sub-paragraph 9(c) shall be paid to Executive in a single sum without discount for early payment at the time of the Change in Control but prior to the consummation of the transaction with any successor.

(d) Excise Tax Gross Up. In addition, if it is determined by an independent accountant mutually acceptable to the Company and Executive that as a result of any payment in the nature of compensation made by the Company to (or for the benefit of) Executive pursuant to this Agreement or otherwise, an excise tax may be imposed on Executive pursuant to Section 4999 of the Code (or any successor provisions), the Company shall pay Executive in cash an amount equal to X determined under the following formula: (the "Excise Tax

$$X = \frac{E \times P}{1 - [(FI \times (1 - SLI)) + SLI + E + M]}$$

where

E = the rate at which the excise tax is assessed under Section 4999 of the Code (or any successor provisions);

P = the amount with respect to which such excise tax is assessed, determined without regard to the Excise Tax Gross Up;

FI = the highest effective marginal rate of income tax applicable to Executive under the Code for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions or other similar adjustments);

SLI = the sum of the highest effective marginal rates of income tax applicable to Executive under all applicable state and local laws for the taxable year in question (taking into account any phase-out or loss of deductions, personal exemptions and other similar adjustments); and

M = the highest marginal rate of Medicare tax applicable to Executive under the Code for the taxable year in question.

With respect to any payment in the nature of compensation that is made to (or for the benefit of) Executive under the terms of this Agreement or otherwise and on which an excise tax under Section 4999 of the Code (or any successor provisions) may be assessed, the payment determined under this sub-paragraph 9(d) shall be paid to Executive at the time of the Change in Control but prior to the consummation of the transaction with any successor. It is the intention of the parties that the Company provide Executive with a full tax gross-up under the provisions of this Paragraph, so that on a net after-tax basis, the result to Executive shall be the same as if the excise tax under Section 4999 of the Code (or any successor provisions) had not been

imposed. The Excise Tax Gross Up may be adjusted if alternative minimum tax rules are applicable to Executive.

10. Mitigation / Effect on Employee Benefit Plans and Programs.

(a) Mitigation. Executive shall not be required to mitigate amounts payable under this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of subsequent employment. Amounts owed to Executive under this Agreement shall not be offset by any claims the Company may have against Executive and such payment shall not be affected by any other circumstances, including, without limitation, any counterclaim, recoupment, defense, or other right which the Company may have against Executive or others.

(b) Effect on Employee Benefit Programs. The termination of Executive's employment hereunder, whether by the Company or Executive, shall have no effect on the rights and obligations of the parties hereto under the Company's (i) welfare benefit plans including, without limitation, Medical Continuation as provided for herein and, health coverage thereafter but only to the extent required by law, and on the same basis applicable to other employees and (ii) 401(k) Plan but only to the extent required by law and pursuant to the terms of the 401(k) Plan.

11. Confidential Information.

(a) Executive understands and acknowledges that during his employment with the Company, he will be exposed to Confidential Information (as

defined below), all of which is proprietary and which will rightfully belong to the Company. Executive shall hold in a fiduciary capacity for the benefit of the Company such Confidential Information obtained by Executive during his employment with the Company and shall not, directly or indirectly, at any time, either during or after his employment with the Company, without the Company's prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than the Company or its employees, attorneys, accountants, financial advisors, consultants, or investment bankers except as required in the

performance of his duties for the Company or as otherwise required by law. Executive shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft.

(b) The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry or otherwise not generally available to the public, which was obtained from the Company or its predecessors or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company or its predecessors. For purposes of this Paragraph 11, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

#### 12. Return of Documents.

18

Except for such items which are of a personal nature to Executive (e.g., daily business planner), all writings, records, and other documents and things containing any Confidential Information shall be the exclusive property of the Company, shall not be copied, summarized, extracted from, or removed from the premises of the Company, except in pursuit of the business of the Company and at the direction of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of Executive's employment or at any time as requested by the Company.

#### 13. Noncompete.

Executive agrees that:

(a) During the Employment Period and, in the event (i) the Company terminates Executive's employment for Cause, or (ii) Executive terminates his employment without Good Reason, for a one (1) year period thereafter, Executive shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise primarily engaged in any office-service, flex, or office property development, acquisition or management activities without regard to whether or not such activities compete with the Company. Nothing herein shall prohibit Executive from being a passive owner of not more than five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit Executive from conducting the Excluded Activities, if any, provided that during the Employment Period

19

the performance of such activities does not prevent Executive from devoting substantially all of his business time to the Company.

(b) If, at the time of enforcement of this Paragraph 13, a court shall hold that the duration, scope, area or other restrictions stated herein are unreasonable, the parties agree that reasonable maximum duration, scope, area or other restrictions may be substituted by such court for the stated duration, scope, area or other restrictions and upon substitution by such court, this Agreement shall be automatically modified without further action by the parties hereto.

(c) For purposes of this Paragraph 13, the Company shall be deemed to include any entity which is controlled, directly or indirectly, by the Company and any entity of which a majority of the economic interest is owned, directly or indirectly, by the Company.

#### 14. Remedies.

The parties hereto agree that the Company would suffer irreparable harm from a breach by Executive of any of the covenants or agreements contained in Paragraphs 11, 12 or 13 of this Agreement. Therefore, in the event of the actual or threatened breach by Executive of any of the provisions of Paragraphs 11, 12 or 13 of this Agreement, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions thereof.

20

#### 15. Indemnification/Legal Fees.

(a) Indemnification. In the event the Executive is made party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of Executive's employment with or serving as an officer or director of the Company, whether or not the basis of such Proceeding is alleged action in an official capacity, the Company shall indemnify, hold harmless and defend Executive to the fullest extent authorized by Maryland law, as the same exists and may hereafter be amended, against any and all claims, demands, suits, judgments, assessments and settlements including all expenses incurred or suffered by Executive in connection therewith (including, without limitation, all legal fees incurred using counsel reasonably acceptable to Executive) and such indemnification shall continue as to Executive even after Executive is no longer employed by the Company and shall inure to the benefit of his heirs, executors, and administrators. Expenses incurred by Executive in connection with any Proceeding shall be paid by the Company in advance upon request of Executive that the Company pay such expenses; but, only in the event that Executive shall have delivered in writing to the Company an undertaking to reimburse the Company for expenses with respect to which Executive is not entitled to indemnification. The provisions of this Paragraph shall remain in effect after this Agreement is terminated irrespective of the reasons for termination. The indemnification provisions of this Paragraph shall not supersede or reduce any indemnification provided to Executive under any separate agreement, or the

21

by-laws of the Company since it is intended that this Agreement shall expand and extend the Executive's rights to receive indemnity.

(b) Legal Fees. If any contest or dispute shall arise between the Company and Executive regarding or as a result of any provision of this Agreement, the Company shall reimburse Executive for all legal fees and expenses reasonably incurred by Executive in connection with such contest or dispute, but only if Executive is successful in respect of substantially all of Executive's claims pursued or defended in connection with such contest or dispute. Such reimbursement shall be made as soon as practicable following the resolution of such contest or dispute (whether or not appealed).

#### 16. Successors and Assigns.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of an such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if Executive terminated his employment hereunder within six (6) months of a Change in Control as set forth in Paragraph 9, except that for purposes of implementing the foregoing, the

22

date on which any such succession becomes effective shall be deemed the date of termination. In the event of such a breach of this Agreement, the Notice of Termination shall specify such date as the date of termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to all or substantially all of its business and/or its assets as aforesaid which executes and delivers the agreement provided for in this Paragraph 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. Any cash payments owed to Executive pursuant to this Paragraph 16 shall be paid to Executive in a single sum without discount for early payment immediately prior to the consummation of the transaction with such successor.

(b) This Agreement and all rights of Executive hereunder may be transferred only by will or the laws of descent and distribution. Upon Executive's death, this Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's beneficiary or beneficiaries, personal or legal representatives, or estate, to the extent any such person succeeds to Executive's interests under this Agreement. Executive shall be entitled to select and change a beneficiary or beneficiaries to receive any benefit or compensation payable hereunder following Executive's death by giving Company written notice thereof. If Executive should die following the date of termination while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, including, without limitation, under any applicable plan, or

otherwise to his legal representatives or estate.

23

17. Timing of and No Duplication of Payments.

All payments payable to Executive pursuant to this Agreement shall be paid as soon as practicable after such amounts have become fully vested and determinable. In addition, Executive shall not be entitled to receive duplicate payments under any of the provisions of this Agreement.

18. Modification or Waiver.

No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or Executive of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

The respective rights and obligations of the parties hereunder shall survive the Executive's termination of employment and termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

24

19. Notices.

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to the Company or Executive, as applicable, at the address set forth above (or to such other address as shall have been previously provided in accordance with this Paragraph 19).

20. Governing Law.

This agreement will be governed by and construed in accordance with the laws of the State of New Jersey except as to Paragraph 15(a), without regard to principles of conflicts of laws thereunder.

21. Severability.

Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of sub-paragraph 13(b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement.

22. Legal Representation.

25

Each of the Company and Executive have been represented by counsel with respect to this Agreement.

23. Counterparts.

This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement.

24. Headings.

The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

25. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with



respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. The parties recognize that the Prior Agreement has been amended and restated in its entirety by this Agreement and the terms of the Prior Agreement are of no further force and effect.

26. Survival of Agreements.

The covenants made in Paragraphs 5 through 15 and 21 each shall survive the termination of this Agreement.

26

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

27

In Witness Whereof, the undersigned have executed this agreement as of THE date first above written.

MACK-CALI REALTY CORPORATION

By: -----

Name:

Title:

-----  
Timothy M. Jones

28

SCHEDULE A

1. Conducting the real estate development, acquisition or management activities as and to the extent permitted pursuant to Section 26 of the Contribution and Exchange Agreement dated January 24, 1997 by and between Cali, CRLP and Robert Martin Company, LLC and Robert Martin-Eastview North Company, L.P. (the "Contribution and Exchange Agreement")

2. Acquiring and conducting real estate development and management activities with respect to properties which may be purchased by the Executive pursuant to Sections 8.3 or 27.5 of the Contribution and Exchange Agreement,

29

=====

NON COMPETITION AGREEMENT

FOR

EARLE MACK

=====

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is entered into as of December \_\_, 1997, by and between Earle Mack, an individual residing at \_\_\_\_\_ (the "Director"), and Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 ("Cali").

R E C I T A L S

WHEREAS, the MK Contributors and MK Entities (both as defined in the Contribution and Exchange Agreement between the parties dated September 18, 1997, as amended by that certain First Amendment dated as of December \_\_, 1997 (as amended, the "Contribution and Exchange Agreement")), each with offices at 370 West Passaic Street, Rochelle Park, New Jersey 07662 and the Patriot Contributors, Patriot Entities (both as defined in the Contribution and Exchange Agreement) and Patriot American Management and Leasing Corporation, each with offices at 3030 LBJ Freeway, Suite 1500, Dallas, Texas 75234 (the MK Contributors, the MK Entities, the Patriot Contributors and the Patriot Entities shall collectively be referred to as "Mack") and Cali Realty, L.P., a Delaware limited partnership ("CRLP") and Cali have determined that it is in the best interests of the parties' long term strategic growth to combine their respective properties and related assets; and

WHEREAS, in order to effectuate this exchange, Mack has agreed to contribute certain properties and partnership, limited liability company and/or other ownership interests to designees of CRLP and to cause certain key executives of Mack to become part of the management of Cali. Mack has also been granted certain rights with respect to appointing members of the Board of Directors of Cali (the "Board") which is the sole general partner of CRLP, pursuant to which Director has been designated to serve as a member of the Board; and

WHEREAS, the Director participated in the operation of Mack, had a substantial ownership interest, either individually or in the aggregate with other members of the Mack Group (as defined in the Contribution and Exchange Agreement), in Mack and subsequent to the closing of the transactions contemplated by the Contribution and Exchange Agreement (the "Closing") received, either individually or in the aggregate with other members of the Mack Group, a significant block of Units (as defined in the Contribution and Exchange Agreement) in Cali; and

WHEREAS, Cali or its affiliates are the recipients of some or all of the property and ownership interests, and in connection with the contribution of the property and ownership interests to Cali or its affiliates, the Director had access to Mack's business plans, financial data and other confidential matters and Director desires to be associated with Cali, as a member of the Board and in such capacity the Director will have access to Cali's business plans, financial data and other confidential matters; and

WHEREAS, as a condition of (i) the contribution of the property and ownership interests to Cali or its affiliates, (ii) the receipt of a significant block of Units, and (iii) in connection with the Director's desire to be a member of the Board, the Director has agreed to be bound by the non-competition restrictions provided herein; and

WHEREAS, Cali desires to have the Director enter into this Agreement in order to protect Cali from unfair competition, and the Director desires to enter into this Agreement based on the significant ownership interest the Mack Group is obtaining in Cali pursuant to the Contribution and Exchange Agreement,

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. NON-COMPETITION. The Director hereby agrees that:

(a) For the period commencing on the Closing and ending on the later to occur of:

(i) three (3) years from the Closing, or

(ii) the date which is both (A) one year following the date on which the Director shall no longer serve as a member of the Board, if Mack's Significant Interest (as defined in the Contribution and Exchange Agreement) is retained by the Mack Group on the date the Director ceases to be a member of the Board or six (6) months following the date on which the Director shall no longer serve as a member of the Board if Mack's Significant Interest is not retained by the Mack Group on the date the Director ceases to be a member of the Board and (B) Mack's Significant Interest is no longer retained by the Mack Group,

the Director shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise engaged in any development, acquisition or management activities with respect to office-service, office or flex property without regard to whether or not such

2

activities compete with Cali; provided, however, that in the event that the Director acquires industrial or other property and subsequently determines that the most commercially practicable use for such property is flex, the property may be converted to flex and the prohibitions set forth in this Paragraph 1 shall not apply to such property.

Nothing herein shall prohibit the Director from being a passive owner of not more than (i) five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in real estate which is publicly traded or (ii) twenty (20%) percent of any real estate venture so long as such investment does not exceed \$15,000,000 per venture and so long as, in either case, the Director has no active participation in the business of such venture, corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit the Director from:

(A) conducting real estate development or management activities with respect to Eliminated Property (as defined in the Contribution and Exchange Agreement) and the properties set forth in Schedule 5.1(r) of the Contribution and Exchange Agreement,

(B) acquiring and conducting real estate development, acquisition or management activities with respect to properties which may be purchased by the Director pursuant to Section 27 of the Contribution and Exchange Agreement,

provided that the performance of the activities set forth in (A) and (B) above does not materially impair the Director's performance of his obligations as a member of the Board.

(b) If, at the time of enforcement of this Paragraph 1, a court of competent jurisdiction shall hold that the duration, scope, area or other

restriction stated herein is unreasonable, the parties hereto agree that without further action by the parties hereto the maximum duration, scope, area or other restriction may be substituted by such court for the stated duration, scope, area or other restriction.

(c) For purposes of this Agreement, Cali shall be deemed to include any entity which is controlled, directly or indirectly, by Cali and any entity of which a majority of the economic interest is owned, directly or indirectly, by Cali.

2. REMEDIES. The parties hereto agree that Cali would suffer irreparable harm from a breach by the Director of any of the covenants or agreements contained herein. Therefore, in the event of the actual or threatened breach by the Director of any of the provisions of this Agreement, Cali may, in

3

addition and supplementary to any other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions hereof.

3. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4. MODIFICATION OR WAIVER. No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provisions or terms of this Agreement. No delay on the part of Cali or the Director in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Cali or the Director of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

5. NOTICES. All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to Cali or the Director, as applicable, at the address set forth above (or to such other address as shall have been previously or may subsequently be provided in accordance with this section).

6. GOVERNING LAW. This Agreement will be governed by and construed in accordance with the laws of the State of New Jersey, without regard to principles of conflicts of law thereunder.

7. SEVERABILITY. Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of Paragraph 1 (b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of this Agreement.

4

8. COUNTERPARTS. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which when taken together shall constitute one and the same Agreement.

9. HEADINGS. The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CALI REALTY CORPORATION

-----  
By:  
Title:

DIRECTOR

-----  
Earle Mack

=====

NON COMPETITION AGREEMENT

FOR

DAVID MACK

=====

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is entered into as of December \_\_, 1997, by and between David Mack, an individual residing at \_\_\_\_\_ (the "D. Mack"), and Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 ("Cali").

R E C I T A L S

WHEREAS, the MK Contributors and MK Entities (both as defined in the Contribution and Exchange Agreement between the parties dated September 18, 1997, as amended by that certain First Amendment dated as of December \_\_, 1997 (as amended, the "Contribution and Exchange Agreement")), each with offices at 370 West Passaic Street, Rochelle Park, New Jersey 07662 and the Patriot Contributors, Patriot Entities (both as defined in the Contribution and Exchange Agreement) and Patriot American Management and Leasing Corporation, each with offices at 3030 LBJ Freeway, Suite 1500, Dallas, Texas 75234 (the MK Contributors, the MK Entities, the Patriot Contributors and the Patriot Entities shall collectively be referred to as "Mack") and Cali Realty, L.P., a Delaware limited partnership ("CRLP") and Cali have determined that it is in the best interests of the parties' long term strategic growth to combine their respective properties and related assets; and

WHEREAS, in order to effectuate this exchange, Mack has agreed to contribute certain properties and partnership, limited liability company and/or other ownership interests to designees of CRLP and to cause certain key executives of Mack to become part of the management of Cali. Mack has also been granted certain rights with respect to appointing members of the Board of Directors of Cali (the "Board") which is the sole general partner of CRLP; and

WHEREAS, D. Mack participated in the operation of Mack, had a substantial ownership interest, either individually or in the aggregate with other members of the Mack Group (as defined in the Contribution and Exchange Agreement), in Mack and subsequent to the closing of the transactions contemplated by the Contribution and Exchange Agreement (the "Closing") received, either individually or in the aggregate with other members of the Mack Group, a significant block of Units (as defined in the Contribution and Exchange Agreement) in Cali; and

WHEREAS, Cali or its affiliates are the recipients of some or all of the property and ownership interests, and in connection with the contribution of the

property and ownership interests to Cali or its affiliates, D. Mack had access to Mack's and Cali's business plans, financial data and other confidential matters; and

WHEREAS, as a condition of (i) the contribution of the property and ownership interests to Cali or its affiliates and (ii) the receipt of a significant block of Units, D. Mack has agreed to be bound by the non-competition restrictions provided herein; and

WHEREAS, Cali desires to have D. Mack enter into this Agreement in order to protect Cali from unfair competition, and D. Mack desires to enter into this Agreement based on the significant ownership interest the Mack Group is obtaining in Cali pursuant to the Contribution and Exchange Agreement,

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. NON-COMPETITION. D. Mack hereby agrees that:

(a) For the period commencing on the Closing and ending on the later to occur of:

(i) three (3) years from the Closing, or

(ii) Mack's Significant Interest (as defined in the Contribution and Exchange Agreement) is no longer retained by the Mack Group,

D. Mack shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise engaged in any development, acquisition or management activities with respect to office-service, office or flex property without regard to whether or not such activities compete with Cali; provided, however, that in the event that the D. Mack acquires industrial or other property and subsequently determines that the most commercially practicable use for such property is flex, the property may be converted to flex and the prohibitions set forth in this Paragraph 1 shall not apply to such property.

Nothing herein shall prohibit D. Mack from being a passive owner of not more than (i) five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in real estate which is publicly traded or (ii) twenty (20%) percent of any real estate venture so long as such investment does not exceed \$15,000,000 per venture and so long as, in either case, D. Mack has no active participation in the business of such venture,

2

corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit D. Mack from:

(A) conducting real estate development or management activities with respect to Eliminated Property (as defined in the Contribution and Exchange Agreement) and the properties set forth in Schedule 5.1(r) of the Contribution and Exchange Agreement,

(B) acquiring and conducting real estate development, acquisition or management activities with respect to properties which may be purchased by the Director pursuant to Section 27 of the Contribution and Exchange Agreement.

(b) If, at the time of enforcement of this Paragraph 1, a court of competent jurisdiction shall hold that the duration, scope, area or other restriction stated herein is unreasonable, the parties hereto agree that without further action by the parties hereto the maximum duration, scope, area or other restriction may be substituted by such court for the stated duration, scope, area or other restriction.

(c) For purposes of this Agreement, Cali shall be deemed to include any entity which is controlled, directly or indirectly, by Cali and any entity of which a majority of the economic interest is owned, directly or indirectly, by Cali.

2. REMEDIES. The parties hereto agree that Cali would suffer irreparable harm from a breach by D. Mack of any of the covenants or agreements contained herein. Therefore, in the event of the actual or threatened breach by D. Mack of any of the provisions of this Agreement, Cali may, in addition and

supplementary to any other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions hereof.

3. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4. MODIFICATION OR WAIVER. No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provisions or terms of this Agreement. No delay on the part of Cali or D. Mack in

3

the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Cali or D. Mack of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

5. NOTICES. All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to Cali or D. Mack, as applicable, at the address set forth above (or to such other address as shall have been previously or may subsequently be provided in accordance with this section).

6. GOVERNING LAW. This Agreement will be governed by and construed in accordance with the laws of the State of New Jersey, without regard to principles of conflicts of law thereunder.

7. SEVERABILITY. Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of Paragraph 1 (b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of this Agreement.

8. COUNTERPARTS. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which when taken together shall constitute one and the same Agreement.

9. HEADINGS. The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

4

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CALI REALTY CORPORATION

-----  
By:  
Title:

DAVID MACK  
-----



Name: David Mack by Mitchell E. Hersh,  
as Attorney-in-fact

=====

NON COMPETITION AGREEMENT

FOR

FREDRIC MACK

=====

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is entered into as of December \_\_\_, 1997, by and between Fredric Mack, an individual residing at \_\_\_\_\_ (the "F. Mack"), and Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 ("Cali").

R E C I T A L S

WHEREAS, the MK Contributors and MK Entities (both as defined in the Contribution and Exchange Agreement between the parties dated September 18, 1997, as amended by that certain First Amendment dated as of December \_\_\_, 1997 (as amended, , as amended by that certain First Amendment dated as of December \_\_\_, 1997 (as amended, the "Contribution and Exchange Agreement")), each with offices at 370 West Passaic Street, Rochelle Park, New Jersey 07662 and the Patriot Contributors, Patriot Entities (both as defined in the Contribution and Exchange Agreement) and Patriot American Management and Leasing Corporation, each with offices at 3030 LBJ Freeway, Suite 1500, Dallas, Texas 75234 (the MK Contributors, the MK Entities, the Patriot Contributors and the Patriot Entities shall collectively be referred to as "Mack") and Cali Realty, L.P., a Delaware limited partnership ("CRLP") and Cali have determined that it is in the best interests of the parties' long term strategic growth to combine their respective properties and related assets; and

WHEREAS, in order to effectuate this exchange, Mack has agreed to contribute certain properties and partnership, limited liability company and/or other ownership interests to designees of CRLP and to cause certain key executives of Mack to become part of the management of Cali. Mack has also been granted certain rights with respect to appointing members of the Board of Directors of Cali (the "Board") which is the sole general partner of CRLP; and

WHEREAS, F. Mack participated in the operation of Mack, had a substantial ownership interest, either individually or in the aggregate with other members of the Mack Group (as defined in the Contribution and Exchange Agreement), in Mack and subsequent to the closing of the transactions contemplated by the Contribution and Exchange Agreement (the "Closing") received, either individually or in the aggregate with other members of the Mack Group, a significant block of Units (as defined in the Contribution and Exchange Agreement) in Cali; and

WHEREAS, Cali or its affiliates are the recipients of some or all of the property and ownership interests, and in connection with the contribution of the

property and ownership interests to Cali or its affiliates, F. Mack had access to Mack's and Cali's business plans, financial data and other confidential matters; and

WHEREAS, as a condition of (i) the contribution of the property and ownership interests to Cali or its affiliates and (ii) the receipt of a significant block of Units, F. Mack has agreed to be bound by the non-competition restrictions provided herein; and

WHEREAS, Cali desires to have F. Mack enter into this Agreement in order to protect Cali from unfair competition, and F. Mack desires to enter into this Agreement based on the significant ownership interest the Mack Group is obtaining in Cali pursuant to the Contribution and Exchange Agreement,

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. NON-COMPETITION. F. Mack hereby agrees that:

(a) For the period commencing on the Closing and ending on the later to occur of:

(i) three (3) years from the Closing, or

(ii) Mack's Significant Interest (as defined in the Contribution and Exchange Agreement) is no longer retained by the Mack Group,

F. Mack shall not, directly or indirectly, within the continental United States, engage in, or own, invest in, manage or control any venture or enterprise engaged in any development, acquisition or management activities with respect to office-service, office or flex property without regard to whether or not such activities compete with Cali; provided, however, that in the event that the F. Mack acquires industrial or other property and subsequently determines that the most commercially practicable use for such property is flex, the property may be converted to flex and the prohibitions set forth in this Paragraph 1 shall not apply to such property.

Nothing herein shall prohibit F. Mack from being a passive owner of not more than (i) five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in real estate which is publicly traded or (ii) twenty (20%) percent of any real estate venture so long as such investment does not exceed \$15,000,000 per venture and so long as, in either case, F. Mack has no active participation in the business of such venture,

2

corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit F. Mack from:

(A) conducting real estate development or management activities with respect to Eliminated Property (as defined in the Contribution and Exchange Agreement) and the properties set forth in Schedule 5.1(r) of the Contribution and Exchange Agreement,

(B) acquiring and conducting real estate development, acquisition or management activities with respect to properties which may be purchased by the Director pursuant to Section 27 of the Contribution and Exchange Agreement.

(b) If, at the time of enforcement of this Paragraph 1, a court of competent jurisdiction shall hold that the duration, scope, area or other restriction stated herein is unreasonable, the parties hereto agree that without further action by the parties hereto the maximum duration, scope, area or other restriction may be substituted by such court for the stated duration, scope, area or other restriction.

(c) For purposes of this Agreement, Cali shall be deemed to include any entity which is controlled, directly or indirectly, by Cali and any entity of which a majority of the economic interest is owned, directly or indirectly, by Cali.

2. REMEDIES. The parties hereto agree that Cali would suffer irreparable harm from a breach by F. Mack of any of the covenants or agreements contained herein. Therefore, in the event of the actual or threatened breach by F. Mack of any of the provisions of this Agreement, Cali may, in addition and

supplementary to any other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions hereof.

3. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4. MODIFICATION OR WAIVER. No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provisions or terms of this Agreement. No delay on the part of Cali or F. Mack in

3

the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Cali or F. Mack of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

5. NOTICES. All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to Cali or F. Mack, as applicable, at the address set forth above (or to such other address as shall have been previously or may subsequently be provided in accordance with this section).

6. GOVERNING LAW. This Agreement will be governed by and construed in accordance with the laws of the State of New Jersey, without regard to principles of conflicts of law thereunder.

7. SEVERABILITY. Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of Paragraph 1 (b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of this Agreement.

8. COUNTERPARTS. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which when taken together shall constitute one and the same Agreement.

9. HEADINGS. The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

4

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CALI REALTY CORPORATION

-----  
By:  
Title:

FREDRIC MACK

-----  
Name:



=====

NON COMPETITION AGREEMENT

FOR

WILLIAM MACK

=====

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is entered into as of December \_\_, 1997, by and between William Mack, an individual residing at \_\_\_\_\_ (the "Director"), and Cali Realty Corporation, a Maryland corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 ("Cali").

R E C I T A L S

WHEREAS, the MK Contributors and MK Entities (both as defined in the Contribution and Exchange Agreement between the parties dated September 18, 1997, as amended by that certain First Amendment dated as of December \_\_, 1997 (as amended, the "Contribution and Exchange Agreement")), each with offices at 370 West Passaic Street, Rochelle Park, New Jersey 07662 and the Patriot Contributors, Patriot Entities (both as defined in the Contribution and Exchange Agreement) and Patriot American Management and Leasing Corporation, each with offices at 3030 LBJ Freeway, Suite 1500, Dallas, Texas 75234 (the MK Contributors, the MK Entities, the Patriot Contributors and the Patriot Entities shall collectively be referred to as "Mack") and Cali Realty, L.P., a Delaware limited partnership ("CRLP") and Cali have determined that it is in the best interests of the parties' long term strategic growth to combine their respective properties and related assets; and

WHEREAS, in order to effectuate this exchange, Mack has agreed to contribute certain properties and partnership, limited liability company and/or other ownership interests to designees of CRLP and to cause certain key executives of Mack to become part of the management of Cali. Mack has also been granted certain rights with respect to appointing members of the Board of Directors of Cali (the "Board") which is the sole general partner of CRLP, pursuant to which Director has been designated to serve as a member of the Board; and

WHEREAS, the Director participated in the operation of Mack, had a substantial ownership interest, either individually or in the aggregate with other members of the Mack Group (as defined in the Contribution and Exchange Agreement), in Mack and subsequent to the closing of the transactions contemplated by the Contribution and Exchange Agreement (the "Closing") received, either individually or in the aggregate with other members of the Mack Group, a significant block of Units (as defined in the Contribution and Exchange

Agreement) in Cali; and

WHEREAS, Cali or its affiliates are the recipients of some or all of the property and ownership interests, and in connection with the contribution of the property and ownership interests to Cali or its affiliates, the Director had access to Mack's business plans, financial data and other confidential matters and Director desires to be associated with Cali, as a member of the Board and in such capacity the Director will have access to Cali's business plans, financial data and other confidential matters; and

WHEREAS, as a condition of (i) the contribution of the property and ownership interests to Cali or its affiliates, (ii) the receipt of a significant block of Units, and (iii) in connection with the Director's desire to be a member of the Board, the Director has agreed to be bound by the non-competition restrictions provided herein; and

WHEREAS, Cali desires to have the Director enter into this Agreement in order to protect Cali from unfair competition, and the Director desires to enter into this Agreement based on the significant ownership interest the Mack Group is obtaining in Cali pursuant to the Contribution and Exchange Agreement,

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. NON-COMPETITION. The Director hereby agrees that:

(a) For the period commencing on the Closing and ending on the latest to occur of:

(i) three (3) years from the Closing,

(ii) the date which is (a) one year following the date on which the Director shall no longer serve as a member of the Board, if Mack's Significant Interest (as defined in the Contribution and Exchange Agreement) is retained by the Mack Group on the date the Director ceases to be a member of the Board or (b) six (6) months following the date on which the Director shall no longer serve as a member of the Board if Mack's Significant Interest is not retained by the Mack Group on the date the Director ceases to be a member of the Board and

(iii) the date on which both (a) neither Earle, David, nor Fredric Mack shall serve on the Board and (b) Mack's Significant Interest is no longer retained by the Mack Group,

2

the Director shall not, directly or indirectly, within the continental United States engage in, or own, invest in, manage or control any venture or enterprise engaged in any development, acquisition or management activities with respect to office-service, office or flex property without regard to whether or not such activities compete with Cali; provided, however, that in the event that the Director acquires industrial or other property and subsequently determines that the most commercially practicable use for such property is flex, the property may be converted to flex and the prohibitions set forth in this Paragraph 1 shall not apply to such property.

Nothing herein shall prohibit the Director from being a passive owner of not more than (i) five percent (5%) of the outstanding stock of any class of securities of a corporation or other entity engaged in real estate which is publicly traded or (ii) fifteen (15%) percent of any real estate venture so long as such investment does not exceed \$15,000,000 per venture and so long as, in either case, the Director has no active participation in the business of such venture, corporation or other entity. Moreover, the foregoing limitations shall not be deemed to restrict or otherwise limit the Director from:

(A) conducting real estate development or management activities with respect to Eliminated Property (as defined in the Contribution and Exchange Agreement) and the properties set forth in Schedule 5.1(r) of the Contribution and Exchange Agreement,

(B) acquiring and conducting real estate development, acquisition or management activities with respect to properties which may be purchased by the Director pursuant to Section 27 of the Contribution and Exchange Agreement, or

(C) engaging in any development, acquisition, management or ownership of office-service, office or flex property through the Apollo Real Estate Funds, its successor and related funds, any funds formed by the Apollo Real Estate Funds or any funds in which the principals of the Apollo Real Estate Funds own a majority of the

general partnership or similar management or controlling interest.

provided that the performance of the activities set forth in (A), (B) and (C) above does not materially impair the Director's performance of his obligations as a member of the Board.

(b) If, at the time of enforcement of this Paragraph 1, a court of competent jurisdiction shall hold that the duration, scope, area or other restriction stated herein is unreasonable, the parties hereto agree that without further action by the parties hereto the maximum duration, scope, area or other restriction may

3

be substituted by such court for the stated duration, scope, area or other restriction.

(c) For purposes of this Agreement, Cali shall be deemed to include any entity which is controlled, directly or indirectly, by Cali and any entity of which a majority of the economic interest is owned, directly or indirectly, by Cali.

2. REMEDIES. The parties hereto agree that Cali would suffer irreparable harm from a breach by the Director of any of the covenants or agreements contained herein. Therefore, in the event of the actual or threatened breach by the Director of any of the provisions of this Agreement, Cali may, in addition and supplementary to any other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions hereof.

3. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4. MODIFICATION OR WAIVER. No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provisions or terms of this Agreement. No delay on the part of Cali or the Director in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by Cali or the Director of any such right or remedy shall preclude other or further exercise thereof. A waiver of right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

5. NOTICES. All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand or delivered by a recognized delivery service or mailed, postage prepaid, by express, certified or registered mail, return receipt requested, and addressed to Cali or the Director, as applicable, at the address set forth above (or to such other address as shall have been previously or may subsequently be provided in accordance with this section).

6. GOVERNING LAW. This Agreement will be governed by and construed in accordance with the laws of the State of New Jersey, without regard to principles of conflicts of law thereunder.

4

7. SEVERABILITY. Whenever possible, each provision and term of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then, subject to the provisions of Paragraph 1 (b) above, such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of this Agreement.

8. COUNTERPARTS. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and both of which when taken together shall constitute one and the same Agreement.

9. HEADINGS. The headings of the Paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, among the parties with



respect to the subject matter hereof.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

5

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CALI REALTY CORPORATION

-----  
By:  
Title:

DIRECTOR

-----  
William Mack

6

CREDIT AGREEMENT

Dated as of December 10, 1997

among

CALI REALTY, L.P.

AND

THE PARTIES LISTED ON SCHEDULE I HERETO

as Borrower,

THE LENDERS PARTIES HERETO,

and

PRUDENTIAL SECURITIES CREDIT CORPORATION,

as Administrative Agent

\$200,000,000

TABLE OF CONTENTS

Page

ARTICLE I.

DEFINITIONS; ACCOUNTING MATTERS . . . . .	2
SECTION 1.01. Certain Defined Terms . . . . .	2
SECTION 1.02. Other Definitional Provisions . . . . .	14
SECTION 1.03. Accounting Terms and Determinations . . . . .	15

ARTICLE II.

COMMITMENTS; LOAN; NOTE; PREPAYMENTS . . . . .	15
SECTION 2.01. Loan . . . . .	15
SECTION 2.02. Full Recourse . . . . .	16
SECTION 2.03. Note . . . . .	16
SECTION 2.04. Optional Prepayments . . . . .	16
SECTION 2.05. Mandatory Prepayments; Permanent Reduction of Commitments . . . . .	17
SECTION 2.06. Release of Mortgaged Property . . . . .	17

ARTICLE III.

PAYMENT OF PRINCIPAL AND INTEREST . . . . .	18
SECTION 3.01. Repayment of Loan . . . . .	18
SECTION 3.02. Interest . . . . .	18
SECTION 3.03. Interest Adjustments . . . . .	18

ARTICLE IV.

PAYMENTS AND COMPUTATIONS . . . . .	19
SECTION 4.01. Payments . . . . .	19
SECTION 4.02. Computations . . . . .	20
SECTION 4.03. Minimum Amounts . . . . .	20
SECTION 4.04. Certain Notices . . . . .	20
SECTION 4.05. Set-Off . . . . .	21

ARTICLE V.

YIELD PROTECTION, ETC. . . . .	21
SECTION 5.01. Additional Costs . . . . .	21
SECTION 5.02. Illegality . . . . .	24
SECTION 5.03. Treatment of Affected Loan . . . . .	24
SECTION 5.04. Compensation . . . . .	24
SECTION 5.05. Withholding Taxes . . . . .	25
SECTION 5.06. Indemnity . . . . .	28

ARTICLE VI.

CONDITIONS PRECEDENT. . . . . 29
SECTION 6.01. Conditions to the Loan. . . . . 29

ARTICLE VII.

REPRESENTATIONS AND WARRANTIES. . . . . 35
SECTION 7.01. Partnership Existence. . . . . 35
SECTION 7.02. Financial Condition. . . . . 35
SECTION 7.03. Litigation. . . . . 37
SECTION 7.04. No Breach. . . . . 37
SECTION 7.05. Partnership Power; Authorization;
Enforceable Obligations. . . . . 37
SECTION 7.06. Approvals. . . . . 38
SECTION 7.07. No Default. . . . . 38
SECTION 7.08. Ownership of Property. . . . . 38
SECTION 7.09. Taxes. . . . . 39
SECTION 7.10. Use of Credit. . . . . 39
SECTION 7.11. ERISA. . . . . 39
SECTION 7.12. Investment Company Act. . . . . 39
SECTION 7.13. Public Utility Holding Company Act. . . . . 40
SECTION 7.14. Environmental Matters. . . . . 40
SECTION 7.15. True and Complete Disclosure. . . . . 42
SECTION 7.16. Labor Matters. . . . . 42

ARTICLE VIII.

COVENANTS OF THE BORROWER . . . . . 42
SECTION 8.01. Financial Statements. . . . . 42
SECTION 8.02. Certificates and Other Information. . . . . 44
SECTION 8.03. Litigation. . . . . 45
SECTION 8.04. Conduct of Business, Existence, Etc. . . . . 45
SECTION 8.05. Payment of Obligations. . . . . 47
SECTION 8.06. Insurance. . . . . 47
SECTION 8.07. Limitation on Liens. . . . . 50
SECTION 8.08. ERISA. . . . . 50
SECTION 8.09. Use of Proceeds. . . . . 51
SECTION 8.10. Environmental Laws. . . . . 51
SECTION 8.11. Hazardous Substances. . . . . 53
SECTION 8.12. Claims. . . . . 53
SECTION 8.13. Estoppel Certificates, Subordination
Agreements, etc. . . . . 53

ARTICLE IX.

EVENTS OF DEFAULT . . . . . 54
SECTION 9.01. . . . . 54

ARTICLE X.

THE ADMINISTRATIVE AGENT. . . . . 58
SECTION 10.01. Appointment. . . . . 58
SECTION 10.02. Delegation of Duties . . . . . 58
SECTION 10.03. Exculpatory Provisions . . . . . 59
SECTION 10.04. Reliance by Administrative Agent . . . . . 59
SECTION 10.05. Notice of Default. . . . . 60
SECTION 10.06. Non-Reliance on Administrative Agent
and Lender. . . . . 60
SECTION 10.07. Reimbursement and Indemnification. . . . . 61
SECTION 10.08. Administrative Agent in Its Individual
Capacity. . . . . 62
SECTION 10.09. Successor Administrative Agent . . . . . 62
SECTION 10.10. Collateral Holder. . . . . 63

ARTICLE XI.

MISCELLANEOUS . . . . . 64
SECTION 11.01. No Waiver; Cumulative Remedies . . . . . 64
SECTION 11.02. Notices. . . . . 64
SECTION 11.03. Expenses . . . . . 65
SECTION 11.04. Amendments . . . . . 67
SECTION 11.05. Successors and Assigns . . . . . 68
SECTION 11.06. Assignments and Participations . . . . . 68
SECTION 11.07. Adjustments. . . . . 71
SECTION 11.08. Survival . . . . . 72
SECTION 11.09. Captions . . . . . 72
SECTION 11.10. Counterparts . . . . . 72
SECTION 11.11. Severability . . . . . 72
SECTION 11.12. Integration. . . . . 73
SECTION 11.13. GOVERNING LAW. . . . . 73
SECTION 11.14. Submission to Jurisdiction . . . . . 73
SECTION 11.15. Acknowledgments. . . . . 74

EXHIBIT A	FORM OF ASSUMPTION AGREEMENT
EXHIBIT B	FORM OF NOTE
EXHIBIT C	FORM OF NOTICE OF BORROWING
EXHIBIT D	FORM OF ASSIGNMENT AND ACCEPTANCE
SCHEDULE I	MORTGAGED PROPERTY
SCHEDULE II	COMMITMENTS
SCHEDULE III	VALUE OF ASSETS

iii

THIS CREDIT AGREEMENT (this "AGREEMENT") dated as of December 10, 1997, is entered into by and among Cali Realty, L.P. , a Delaware limited partnership (the "OPERATING PARTNERSHIP") and the Parties listed on Schedule I attached hereto (each a "PROPERTY PARTNERSHIP" and collectively with the Operating Partnership, "BORROWER"), the several lenders from time to time parties hereto ("LENDER"), and Prudential Securities Credit Corporation ("PSC"), a Delaware corporation, as administrative agent for the Lender (in such capacity, the "ADMINISTRATIVE AGENT").

WHEREAS, Cali Realty Corporation ("CALI"), a Maryland corporation, the sole general partner of the Operating Partnership, proposes to combine with The Mack Company, a New Jersey based company ("MACK") and Patriot American Office Group, a Texas based company ("PATRIOT" and together with Mack, the "MACK COMBINATION") pursuant to a contribution and exchange agreement dated as of September 18, 1997 (the "MERGER AGREEMENT") as amended, among Cali, the Operating Partnership and the Mack Combination, whereby Cali will become Mack-Cali Corporation (the "COMPANY") and the Operating Partnership will become Mack-Cali Realty, L.P. (the "MERGER"); and

WHEREAS, in connection with the Merger, Cali proposes to have the Company assume certain indebtedness of Mack in aggregate principal amount of approximately \$300,000,000 (the "EXISTING MACK DEBT") which is secured by mortgages on certain property owned by Mack which will become assets of the Company, and that each such assumption by the Company requires the consent of the respective holders of the Existing Mack Debt; and

WHEREAS, the Company has requested Lender to make a single loan to Borrower for the purpose of prepaying the Existing Mack Debt, where the holders of such debt have not consented to the assumption by the Company, to pay certain fees and expenses incurred in connection therewith, and to make payments in connection with the consummation of the Merger, up to an aggregate principal amount at any one time outstanding equal to \$200,000,000, pursuant to and subject to the terms and conditions set forth herein, and Lender is willing to make such loan on and subject to the terms and conditions hereof in the maximum amount equal to \$200,000,000; and

WHEREAS, the Operating Partnership and its affiliates own 100% of the legal and beneficial ownership of the Property Partnerships; and

WHEREAS, to secure repayment of the Obligations (as hereinafter defined) the Property Partnerships have agreed to provide to the Administrative Agent, for the benefit of Lender, a first mortgage lien on each of the Mortgaged Properties (as hereinafter defined) and an assignment of all leases and rents with respect to the Mortgaged Properties; and

1

WHEREAS, if the Property Partnerships did not provide Lender a first mortgage lien on the Mortgaged Property, Lender would not have made the Loan (as hereinafter defined); and

WHEREAS, each Property Partnership is obtaining a material benefit from the Loan.

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

ARTICLE I  
DEFINITIONS; ACCOUNTING MATTERS

SECTION 1.01 CERTAIN DEFINED TERMS. As used herein, the following terms shall have the following meanings:

"ADDITIONAL COSTS" has the meaning set forth in SECTION 5.01(A).

"ADMINISTRATIVE AGENT" means Prudential Securities Credit Corporation, a Delaware corporation, as administrative agent for Lender, or any successor administrative agent approved in accordance with SECTION 10.09.

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

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

"ALLOCATED MORTGAGED PROPERTY LOAN AMOUNT" means the aggregated amounts listed on SCHEDULE III hereto for those properties owned by the Property Partnership.

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

2

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

"ASSIGNMENT AND ACCEPTANCE" means an agreement in the form of EXHIBIT B hereto, executed by the assignor, assignee and other parties as contemplated thereby.

"ASSIGNMENT OF LEASES" means the present Assignment of Leases and Rents, made by Property Partnership in favor of the Administrative Agent.

"ASSUMPTION AGREEMENT" means the Assumption Agreement in the form of EXHIBIT A, to be entered into by Mack-Cali Realty, L.P. upon the consummation of the Merger.

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

"BASLE ACCORD" has the meaning set forth in SECTION 5.01(C).

"BENEFITTED LENDER" has the meaning set forth in SECTION 11.07.

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

"CALI PLEDGE AGREEMENT" means the pledge agreement between Cali and the Administrative Agent dated November 1, 1996, as amended by the Modification to Revolving Credit Facility Agreement and Other Credit Facility Documents dated August 12, 1997, among the Operating Partnership, the lenders party thereto and the Administrative Agent, as the same may be amended, supplemented or otherwise modified from time to time.

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

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

3

"CHANGE OF CONTROL" means, at any time after the Closing Date, (i) if any Person or group shall own or control more than 30% of either (x) the Company on a fully diluted basis assuming the conversion of all its Preferred Stock and its Ownership interest in the Operating Partnership or (y) the Operating Partnership's Common Units and Preferred Units or (ii) the acquisition of beneficial ownership, directly or indirectly, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities Exchange Commission thereunder as in effect on the date hereof) .

"CLOSING DATE" means the date on which the conditions precedent to the

making of the Loan as set forth in SECTION 6.01 shall be satisfied or waived by Lender and the Loan is made hereunder, which in no event shall be later than December \_\_, 1997.

"COLLATERAL" means the Property described in the Cali Pledge Agreement and the Operating Partnership Pledge Agreement.

"COLLATERAL HOLDER" means PSC in its capacity (i) as Administrative Agent and as custodian of the Collateral under the Cali Pledge Agreement and the Operating Partnership Pledge Agreement and (ii) as Mortgagee under the Mortgage, and any successor thereto appointed in accordance with SECTION 10.09.

"COMPANY" has the meaning set forth in the recitals hereto.

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

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

"CREDIT FACILITY DOCUMENTS" means this Agreement, the Note issued under this Agreement, the Mortgage, the Assignment of Leases, and any other ancillary documentation which is required to be otherwise executed by Borrower or any Third Party and delivered to the Administrative Agent in connection with this Agreement, together with any rider, addendum or amendment thereto, as amended from time to time.

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

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

4

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

"ENVIRONMENTAL INDEMNITY" means the Environmental Indemnity Agreement dated as of December \_\_, 1997 made by Borrower to the Administrative Agent.

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

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

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

"EVENT OF DEFAULT" means any of the events specified in Article IX.

"EXISTING CREDIT FACILITY DOCUMENTS" means (i) the Revolving Credit Facility Agreement dated November 1, 1996 among the Operating Partnership, the lenders party thereto and the Administrative Agent as amended by the Modification to Revolving Credit Facility Agreement and Other Credit Facility Documents dated August 12, 1997 among the Operating Partnership, the lenders party thereto and the Administrative Agent, and the Second Modification to Revolving Credit Facility Agreement and Other Credit Facility documents dated as of the date hereof among the Operating Partnership, the lenders party thereto and the Administrative Agent (the "Second Modification"), as amended from time to time, and the other Credit Facility Documents (as that term is defined in

said Revolving Credit Facility Agreement), as amended from time to time, pursuant to which the Pledged Partnership Interests and

5

Pledged Stock were pledged by the Operating Partnership and Cali respectively to the Administrative Agent, for the benefit of the Lenders.

"FINANCING STATEMENTS" means the UCC financing statements executed by each Property Partnership, as debtor, in favor of the Administrative Agent, as secured party.

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

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

"GUARANTY OBLIGATION" means all obligations, contingent or otherwise, of any Person guaranteeing or having the economic effect of guaranteeing in any manner, whether directly or indirectly, any Indebtedness of any other Person, including any obligation (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (ii) to purchase or lease (or advance or supply funds for the purchase or lease of) any Property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness, or (iii) to maintain working capital, equity capital or compliance with any other financial condition of the primary obligor so as to enable the primary obligor to pay such Indebtedness or satisfy such condition.

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

"INDEBTEDNESS" means, for any Person, as of any date as of which the amount thereof is to be determined, whether secured or unsecured, (a) all obligations of such Person evidenced by bonds, debentures, Note or similar instruments, (b) all obligations of such Person upon which interest charges are customarily paid, (c) all obligations of such Person under conditional sale or other title retention agreements relating to Property purchased by such Person, (d) all obligations of such Person issued

6

or assumed as the deferred purchase price of Property or services (other than accounts payable to suppliers incurred in the ordinary course of business and paid within ninety (90) days after the same are due), (e) all Indebtedness of other Persons to the extent secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (f) all Capitalized Lease Obligations of such Person, (g) all Guaranty Obligations, (h) obligations of such Person in respect of any Interest Rate Protection Agreements, and (i) obligations of such Person in respect of commercial letters of credit, acceptance facilities, drafts or similar instruments issued or accepted by banks and other financial institutions for the account of such Person and matured reimbursement obligations in respect of standby letters of credit.

"INITIAL DATE" means (a) in the case of the Administrative Agent and Lender, the date of this Agreement, and (b) in the case of each other Lender or a Participant, the date upon which it became a Lender or Participant.

"INTEREST DEFICIT" has the meaning set forth in SECTION 3.03(A).

"INTEREST PAYMENT DATE" means (a) the last Business Day of each month or (b) the Maturity Date, as applicable.

"INTEREST PERIOD" means with respect to the Loan, (i) initially, the period commencing on the date such Loan is made and ending on the day

immediately preceding the Interest Payment Date; and (ii) thereafter each period commencing on the Interest Payment Date and ending on the day immediately preceding the Interest Payment Date.

"INTEREST RATE" means with respect to any Interest Period, an interest rate per annum equal to LIBOR Base Rate plus 110 basis points.

"INTEREST RATE PROTECTION AGREEMENT" means, for any Person, an interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more financial institutions providing for the transfer or mitigation of interest risks either generally or under specific contingencies. For purposes hereof, the "CREDIT EXPOSURE" at any time of any Person under an Interest Rate Protection Agreement to which such Person is a party shall be determined in accordance with the standard methods of calculating credit exposure under similar arrangements as prescribed from time to time by the Administrative Agent, taking into account potential interest rate movements and the termination provisions and notional principal amount and term of such Interest Rate Protection Agreement.

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

7

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

"LIBOR BASE RATE" means, for any Interest Period,

(a) the rate per annum determined by the Administrative Agent to be the offered rate for dollar deposits with a term comparable to such Interest Period that appears on the display designated as Page 3750 on the Dow Jones Telerate Service (or such other page as may replace such page on such service, or on another service designated by the British Bankers' Association, for the purpose of displaying the rates at which dollar deposits are offered by leading banks in the London interbank deposit market) at approximately 11:00 A.M., London time, on the second Business Day preceding the first day of such Interest Period. If such rate does not appear on such page, "LIBOR" shall mean the rate of interest communicated by the LIBOR Reference Bank to the Administrative Agent as the rate at which U.S. dollar deposits are offered to the LIBOR Reference Bank by leading banks in the London interbank deposit market at approximately 11:00 A.M., London time, on the second Business Day preceding the first day of such Interest Period in an amount substantially equal to the LIBOR Reference Amount for a term equal to such Interest Period; or

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

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

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

"LIEN" means any mortgage, lien, pledge, charge, security interest, negative pledge or encumbrance of any kind or restriction on the creation of any of the foregoing whether relating to any property or right or the income or profits therefrom for the purpose of subjections of such property to the payment of any indebtedness. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under

8

any conditional sale agreement, capital lease, other title retention agreement (other than an operating lease) or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction relating to such Property.

"LOAN" means the loan by Lender to Borrower under SECTION 2.01.

"MATERIAL ADVERSE EFFECT" means, with respect to any Person, a material adverse effect on the consolidated business or consolidated financial



condition of such Person and its Subsidiaries taken as a whole or, in the case of Borrower, on the ability of Borrower to perform its obligations hereunder.

"MATURITY DATE" means the one year anniversary of the Closing Date.

"MERGER" shall have the meaning set forth in the recitals hereto.

"MERGER AGREEMENT" shall have the meaning set forth in the recitals hereto.

"MERGER CONSUMMATION DATE" means the date on which the Merger as contemplated by the Merger Agreement has been consummated.

"MORTGAGE" means the Mortgage, Security Agreement and Assignment of Leases and Rents dated as of December \_\_, 1997 made by Property Partnerships in favor of the Administrative Agent.

"MORTGAGED PROPERTY" means the real property, buildings and other improvements thereon listed on SCHEDULE I.

"MULTIEMPLOYER PLAN" means a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions have been made by Borrower and which is covered by Title IV of ERISA.

"NOTE" has the meaning set forth in SECTION 2.04.

"NOTICE OF BORROWING" shall have the meaning set forth in SECTION 2.01.

"OBLIGATIONS" means the unpaid principal of and interest on the Note and all other obligations and liabilities of Borrower to the Administrative Agent or Lender, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Note, the other Credit Facility Documents or the Existing Credit Facility Documents, or any other document made, delivered or given in connection with therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, after the occurrence of

9

a Default or Event of Default, all reasonable fees and disbursements of counsel to the Administrative Agent or any Lender) or otherwise.

"OPERATING PARTNERSHIP" means Cali Realty, L.P., a Delaware limited partnership.

"OPERATING PARTNERSHIP PLEDGE AGREEMENT" means the pledge agreement dated November 1, 1996 as amended by the Modification to Revolving Credit Facility Agreement and Other Credit Facility Documents dated August 12, 1997, among the Operating Partnership, the lenders party thereto and the Administrative Agent, as the same may be amended, supplemented or otherwise modified from time to time.

"PARTICIPANT" has the meaning set forth in SECTION 11.06(B).

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

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

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

"PLEGGED PARTNERSHIP INTERESTS" means a 99% limited partnership interest owned by the Operating Partnership in Holdings (as defined in the Existing Credit Facility Documents) and a 99% limited partnership interest owned by the Operating Partnership in each of the UREs (as defined in the Existing Credit Facility Documents), all to be pledged to the Administrative Agent as security for the Obligations pursuant to the Operating Partnership Pledge Agreement.

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

"POST-DEFAULT RATE" means, in respect of any principal of or interest on any Loan or any other amount whatsoever payable by Borrower under this Agreement or the Note that is not paid when due (whether at stated maturity, by

acceleration, by optional or mandatory prepayment or otherwise), a rate per annum during the period from and including the due date of such amount to but excluding the date on which such amount is paid in full (after as well as before judgment) equal to 300 basis points in excess of the Interest-Rate.

10

"PRO FORMA CLOSING DATE BALANCE SHEET" shall mean the PRO FORMA balance sheet of the Company and its Subsidiaries, as provided in the Prospectus dated November 10, 1997, prepared by a Responsible Officer of Cali, giving effect to the transactions thereunder, and certified by such Responsible Officer that such PRO FORMA balance sheet was prepared in good faith, represents the Company's best estimate of the information set forth therein, is based upon reasonable assumptions and all relevant information available to Cali, and such balance sheet has not changed except for the Loan.

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

"PROPERTY PARTNERSHIP" has the meaning set forth in the recitals hereto.

"PROPERTY RELEASE" shall have the meaning set forth in SECTION 2.06.

"PRUDENTIAL" shall mean The Prudential Insurance Company of America or any of its Affiliates.

"PSC" means Prudential Securities Credit Corporation.

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

"REGISTER" has the meaning set forth in SECTION 11.06(D).

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

"REGULATORY CHANGE" means any change after the date of this Agreement in federal, state or foreign laws or regulations (including, without limitation,

11

Regulation D) or the adoption or making after such date of any interpretation, directive, guideline, policy or request applying to a class of banks or other financial institutions, including the Lenders, of or under any federal, state or foreign laws or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

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

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

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

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

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

"RESIDENTIAL LEASE" has the meaning set forth in SECTION 8.17.

"RESPONSIBLE OFFICER" means the chief executive officer, executive vice president, the president or Controller of Cali or, with respect to financial matters, the chief financial officer of Cali.

12

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

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

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

"THIRD PARTY" means any Person who guarantees or pledges collateral to secure the obligations of Borrower under this Agreement.

"TRANSFEREE" means any Participant or assignee as set forth in SECTION 11.06(F).

#### SECTION 1.02 OTHER DEFINITIONAL PROVISIONS.

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

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

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

#### SECTION 1.03 ACCOUNTING TERMS AND DETERMINATIONS.

(a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Administrative Agent and the Lender hereunder shall unless otherwise disclosed to Lender in writing at the time of

13

delivery thereof) be prepared, in accordance with GAAP consistently applied throughout the periods involved (except as otherwise noted therein). All calculations made for the purposes of determining compliance with this Agreement shall be made by application of GAAP consistently applied throughout the periods involved (except as otherwise noted therein).

(b) Borrower shall deliver to Lender at the same time as the delivery

of any annual or quarterly financial statement under SECTION 8.01 (i) a description in reasonable detail of any material variation between the application of accounting principles employed in the preparation of such statement and the application of accounting principles employed in the preparation of the next preceding annual or quarterly financial statements, and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof.

ARTICLE II  
COMMITMENTS; LOAN; NOTE; PREPAYMENTS

SECTION 2.01 LOAN. Subject to the terms and conditions of this Agreement, Lender agrees, to extend credit to Borrower by making a term loan in Dollars ("LOAN") to Borrower, on the Closing Date, in an aggregate principal amount of TWO HUNDRED MILLION DOLLARS (\$200,000,000). Borrower shall give the Administrative Agent an irrevocable notice (a "NOTICE OF BORROWING") for the Loan. The Notice of Borrowing shall be substantially in the form of EXHIBIT C.

SECTION 2.02 FULL RECOURSE. The Obligations, including the Loan made hereunder, shall be with full recourse to the assets of each constituent Borrower, the Operating Partnership, and its general partner, Cali.

SECTION 2.03 NOTE.

(a) The Loan made by Lender shall be evidenced by a promissory note of Borrower payable to Lender in substantially the form of EXHIBIT B, dated the date hereof, with appropriate insertions as to payee, date and principal amount, payable to the order of such Lender and in a principal amount equal to \$200,000,000. The outstanding principal balance of the Loan as evidenced by the Note shall be payable on the Maturity Date, unless the same becomes due and payable on an earlier date pursuant to the terms hereof. The Note will bear interest on the outstanding principal balance thereof as set forth in SECTION 3.02 hereof.

(b) The date, amount, interest rate and duration of each Interest Period of the Loan, and each payment made on account of the principal thereof, shall be recorded by Lender on its books and, prior to any transfer of the Note, endorsed by Lender on the schedule attached to and constituting a part of the Note; PROVIDED, HOWEVER, that the failure of Lender to make any such recordation or endorsement shall not affect the obligations of Borrower to make any payment when due hereunder;

14

PROVIDED FURTHER, HOWEVER, that any such recordation or endorsement shall constitute PRIMA FACIE evidence of the accuracy of the information so recorded absent manifest error.

SECTION 2.04 OPTIONAL PREPAYMENTS. (a) Subject to SECTIONS 4.04 AND 5.04, Borrower shall have the right to prepay the Loan, in whole or in part, at any time or from time to time without premium or penalty (other than customary LIBOR breakage costs); PROVIDED, HOWEVER, that Borrower shall give the Administrative Agent notice of each such prepayment as provided in SECTION 4.04 (and, upon the date specified in any such notice of prepayment, the amount to be prepaid shall become due and payable hereunder). Partial repayments shall be in an aggregate principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof. All prepayments shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to the date of prepayment. Amounts repaid may not be reborrowed.

SECTION 2.05 MANDATORY PREPAYMENTS; PERMANENT REDUCTION OF COMMITMENTS. Subject to SECTIONS 4.04 AND 5.04, in the event of a Change of Control with respect to the REIT Group, Borrower shall repay the outstanding principal of the Loan, in full, with, (i) accrued interest and fees and (ii) customary breakage costs for LIBOR. If Borrower shall receive any proceeds from loans made by Prudential, other than borrowing under the Existing Credit Facility Documents or under this Agreement, and Prudential in its sole discretion requires the Borrower to use the proceeds of such loans to repay the Loan, then Borrower shall repay the Loan in an amount equal to the aggregate net proceeds of such loans, with, (i) accrued interest and fees and (ii) customary breakage costs for LIBOR. All prepayments hereunder shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to the date of prepayment.

SECTION 2.06 RELEASE OF MORTGAGED PROPERTY. Borrower may obtain the release of one or more of the Mortgaged Properties (a "PROPERTY RELEASE") from the lien of this Agreement, the Mortgage and the other Credit Facility Documents, provided the following conditions are met:

- (a) Borrower gives the Administrative Agent at least ten (10) Business Days prior written notice;
- (b) no Event of Default shall have occurred and be continuing as of the date of such notice and the date of the Property Release;

- (c) the Loan outstanding at the time of the Property Release are reduced by an amount equal to 125% of the Allocated Mortgaged Property Loan Amount; and
- (d) the Administrative Agent shall have determined, in its reasonable discretion that, after giving effect to the Property Release,

15

the Loan amount does not exceed 65% of the value of the Mortgaged Properties at the time of the Property Release.

ARTICLE III  
PAYMENT OF PRINCIPAL AND INTEREST

SECTION 3.01 REPAYMENT OF LOAN. Borrower agrees to repay on the Maturity Date the aggregate outstanding principal amount of the Loan, together with all accrued and unpaid interest thereon and all other amounts due under the Note and the other Credit Facility Documents.

SECTION 3.02 INTEREST.

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

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

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

SECTION 3.03 INTEREST ADJUSTMENTS.

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

16

that may be so added without causing Lender to receive interest in excess of the maximum amount then permitted by the law applicable to the Loan.

(b) The amount of the Interest Deficit relating to the Loan shall be paid in full at the time of any optional prepayment by Borrower to Lender pursuant to SECTIONS 2.05 OR 2.06. The amount of the Interest Deficit relating to the Loan at the time of any complete payment of the Loan at that time outstanding (other than an optional prepayment thereof pursuant to SECTION 2.05 or mandatory prepayment pursuant to SECTION 2.06) shall be canceled and not paid.

ARTICLE IV  
PAYMENTS AND COMPUTATIONS

SECTION 4.01 PAYMENTS.

(a) All payments (including prepayments) to be made by Borrower hereunder and under the Note, whether on account of principal, interest, fees or otherwise, shall be made without deduction, set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lender, at the Administrative Agent's office specified in SECTION 11.02, in Dollars and in immediately

available funds. If any payment on the Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Lender may (but shall not be obligated to) debit the amount of any payment that is not made when due to any ordinary deposit account of the Borrower with Lender.

#### SECTION 4.02 COMPUTATIONS.

(a) Interest shall be computed on the basis of a year of 360 days and the actual number of days elapsed in each Interest Period occurring in the period for which payable. Other amounts owing hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed in each Interest Period occurring in the period for which payable. The Administrative Agent shall as soon as practicable notify Borrower of each determination of a Interest Rate. Any change in the interest rate on the Loan resulting from a change in the Reserve Requirement shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify Borrower of the effective date and the amount of each such change in interest rate.

(b) The establishment of the LIBOR Base Rate on each LIBOR Determination Date by the Administrative Agent and the Administrative Agent's

17

calculation of the rate of interest for the related Interest Period shall (in the absence of manifest error) be final and binding on Borrower and Lender. The Administrative Agent shall make available the then current LIBOR Base Rate to any Lender upon request. Furthermore, the Administrative Agent shall promptly send written notice of its determination of the LIBOR Base Rate to Borrower prior to the close of business on each LIBOR Determination Date.

SECTION 4.03 MINIMUM AMOUNTS. Except for mandatory prepayments made pursuant to SECTION 2.06 and prepayments made pursuant to SECTION 5.03, each partial prepayment of principal of the Loan shall be in an aggregate principal amount at least equal to \$1,000,000 or in multiples of \$500,000 in excess thereof.

SECTION 4.04 CERTAIN NOTICES. Written or telephonic (promptly confirmed in writing) notices by Borrower of optional prepayments of the Loan shall be irrevocable and shall be effective only if received by the Administrative Agent not later than 10:00 a.m., New York time, ten (10) Business Days prior to the date of the relevant prepayment or the first day of such Interest Period. Each such notice of optional prepayment shall specify the amount (subject to SECTION 4.03) of the Loan to be prepaid and the date (which shall be a Business Day) of such proposed prepayment.

SECTION 4.05. SET-OFF. In addition to any rights and remedies of Lender provided by law, Lender shall have the right, if an Event of Default shall have occurred and be continuing, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Borrower hereunder or under the Note (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Lender or any branch or agency thereof to or for the credit or the account of Borrower. Lender agrees promptly to notify Borrower and the Administrative Agent after any such set-off and application made by Lender; PROVIDED, HOWEVER, that the failure to give such notice shall not affect the validity of such set-off and application.

#### ARTICLE V YIELD PROTECTION, ETC.

#### SECTION 5.01 ADDITIONAL COSTS.

(a) Borrower shall pay directly to the Administrative Agent for the account of Lender from time to time such amounts as Lender may (in its sole judgment) determine to be necessary to compensate Lender for any costs that Lender determines are attributable to its making or maintaining of the Loan or its obligation to make the Loan hereunder, or any reduction in any amount receivable by Lender

18

hereunder in respect of any of the Loan or such obligation (such increases in

costs and reductions in amounts receivable being herein called "ADDITIONAL COSTS"), resulting from any Regulatory Change that:

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

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

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

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

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

19

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

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

SECTION 5.01(A) or 5.01(C). Determinations and allocations by Lender for purposes of this SECTION 5.01 of the effect of any Regulatory Change pursuant to SECTION 5.01(A) or SECTION 5.01(B), or of the effect of capital maintained pursuant to SECTION 5.01(C), on its costs or rate of return of maintaining the Loan or its obligation to make the Loan, or on amounts receivable by it in respect of the Loan, and of the amounts required to compensate Lender under this SECTION 5.01, shall be conclusive and binding on the Borrower in the absence of manifest error; PROVIDED, HOWEVER, that such determinations and allocations are made on a reasonable basis. Borrower shall pay to the Administrative Agent, for the account of Lender, the amounts shown as due on any such certificate within ten (10) Business Days after its receipt of the same. No failure on the part of Lender to demand compensation under paragraph (a) or (c) above on any one occasion shall constitute a waiver of its rights to

20

demand compensation on any other occasion. The protection of this Section shall be available to Lender regardless of any possible contention of the invalidity or inapplicability of any law, regulation or other condition which shall give rise to any demand by such Lender for compensation thereunder. This covenant shall survive the termination of this Agreement and the payment of the Note and all other amounts payable hereunder.

SECTION 5.02 ILLEGALITY. Notwithstanding any other provision of this Agreement, if any change after the date hereof in Applicable law, guideline or order, or in the interpretation thereof by any Governmental Authority charged with the administration thereof, shall make it unlawful for Lender to honor its obligations to make, maintain the Loan hereunder, then the Lender shall promptly notify Borrower and the Administrative Agent thereof and Lender's obligation to make, maintain the Loan shall be suspended until such time as Lender may again make and maintain the Loan (in which case the provisions of SECTION 5.03 shall be Applicable).

SECTION 5.03 TREATMENT OF AFFECTED LOAN. If the obligation of Lenders to make the Loan shall be suspended pursuant to SECTION 5.01 or 5.02, Borrower may, by notice to Lender as provided in SECTION 4.04, elect to prepay the Loan in full (subject always to SECTION 5.04).

#### SECTION 5.04 COMPENSATION.

(a) Borrower shall pay to Lender, upon the request of Lender, such amount or amounts as shall be sufficient (in the reasonable opinion of Lender) to compensate it for any loss, cost or expense that Lender determines is attributable to any payment or mandatory or optional prepayment of the Loan for any reason (including, without limitation, the acceleration of the maturity of the Loan pursuant to ARTICLE IX) on a date other than the last day of an Interest Period for the Loan.

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

21

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

#### SECTION 5.05 WITHHOLDING TAXES.

(a) Unless otherwise provided in this SECTION 5.05, all payments made by Borrower under this Agreement and the Note shall be made free and clear of,



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

(b) The Administrative Agent and Lender shall, prior to the Closing Date or (if later) the date of the initial Loan for the Lender, deliver to Borrower and the Administrative Agent (i) two copies of a statement that it is incorporated under the laws of the United States or a state thereof, containing such information as is required

22

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

(c) If the Administrative Agent or Lender receives a refund in respect of Taxes (whether directly or by way of offset) paid by Borrower (for which Borrower has made additional payments pursuant to SECTION 5.05(A) to the Administrative Agent or such Lender, as the case may be), it shall promptly pay such refund to the Borrower; PROVIDED, HOWEVER, that Borrower agrees to promptly return such refund to the Administrative Agent or Lender, as the case may be, after it receives notice from Lender that it is required to repay such refund.

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

(e) The agreements in this SECTION 5.05 shall survive the termination

of this Agreement and the payment of all obligations payable hereunder.

23

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

SECTION 5.06 INDEMNITY. Borrower agrees to indemnify Lender and to hold Lender harmless from any loss or expense which Lender may sustain or incur as a consequence of (a) default by Borrower in making any prepayment after Borrower has given a notice thereof in accordance with the provisions of this Agreement or (b) the making of a prepayment on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, for the period from the date of such prepayment or of such failure to borrow to the last day of such Interest Period (or, in the case of a failure to borrow, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for the Loan provided for herein (excluding, however, the Applicable Margin included therein, if any), over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to Lender on such amount by placing such amount on deposit for a comparable period with leading lenders in the interbank eurodollar market. This covenant shall survive the termination of this Agreement and the payment of the Note and all other amounts payable hereunder.

SECTION 5.07 DUTY TO MITIGATE.

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

(b) If such reasonable efforts pursuant to SECTION 5.07(A) are insufficient to eliminate the amounts which are payable pursuant to SECTION 5.01, 5.02 or 5.05, as the case may be, then Borrower may (but subject in any such case to the payments required by SECTION 5.04), provided that there shall exist no Default or Event of Default, upon at least five (5) Business Days' prior written or telephonic notice to Lender and the Administrative Agent, identify to the Administrative Agent a lending institution (which may be a Lender) to purchase Lender's outstanding Loan hereunder and, subject to the approval of the Administrative Agent (which approval shall not be

24

unreasonably withheld) and such alternate lending institution, Lender shall transfer its Loan owing to such Lender and the Note held by such Lender to such alternate lending institution (at a price not in excess of par) pursuant to the provisions of SECTION 11.06(C) and such alternate lending institution shall become a Lender hereunder. At the time of the assignment, the Borrower shall pay all accrued interest and all other amounts (including, without limitation, all amounts payable under SECTION 5.01) owing hereunder to the assigning Lender.

ARTICLE VI  
CONDITIONS PRECEDENT

SECTION 6.01 CONDITIONS TO THE LOAN. The obligation of Lender to make the Loan requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such Loan, of the following conditions precedent:

(a) CREDIT FACILITY DOCUMENTS. The Administrative Agent shall have received (i) this Agreement, executed and delivered on behalf of each constituent Borrower by a Responsible Officer of Cali; (ii) for the account of Lender, the Note conforming to the requirements hereof and executed on behalf of each constituent Borrower by a Responsible Officer of Cali; (iii) the Mortgage, the Assignment of Leases and the Financing Statements, executed, notarized (where applicable) and delivered on behalf of each Property Partnership by a Responsible Officer of Cali; and (iv) the Environmental Indemnity, executed and delivered by a Responsible Officer of Cali.

(b) RECORDING OF MORTGAGE, ASSIGNMENT OF LEASES AND FINANCING

STATEMENTS. Borrower shall cause the executed Mortgage, Assignment of Leases and Financing Statements to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and protect the Lender's interest in and lien or security interest upon the Mortgaged Property. Except where otherwise prohibited by law, Borrower will pay all filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment, and recording of the Mortgage, any security instrument with respect to the Mortgaged Property, any instrument of further assurance and all federal, state, county and municipal, taxes, duties, imposts, assessments and charges arising out of or in connection with the same. Borrower shall hold harmless and indemnify Lender, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of the Mortgage.

(c) PARTNERSHIP DOCUMENTS AND CORPORATE DOCUMENTS. The Administrative Agent shall have received:

(i) a copy of the Operating Partnership's certificate of limited partnership, certified as of a recent date by the Secretary of State of Delaware,

25

together with copies of any agreements entered into by the Operating Partnership governing the terms or relative rights of its partnership interests;

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

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

(iv) a copy of Cali's certificate of incorporation, including all amendments thereto, certified as of a recent date by the Secretary of State of Maryland;

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

(vi) a certificate of the Secretary or Assistant Secretary of Cali, dated the Closing Date, and certifying (A) that attached thereto is a true and complete copy of the partnership agreement of the Operating Partnership as in effect on the date of such certification, (B) that attached thereto is a true and complete copy of the bylaws of Cali as in effect on the date of such certification, (C) that attached thereto is a true and complete copy of resolutions adopted by the board of directors of Cali authorizing the borrowing hereunder, the execution, delivery and performance in accordance with their respective terms of this Agreement, the Mortgage, the Note to be executed by Borrower, the other Credit Facility Documents and any other documents required or contemplated hereunder or thereunder, (D) that the certificate of limited partnership of the Operating Partnership has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State furnished pursuant to clause (i) above, except to the extent specified in such Secretary's certificate, (E) that the certificate of incorporation of Cali has not been amended since the date of the last amendment thereto indicated on the certificate the Secretary of State furnished pursuant to clause (iv) above, except to the extent specified in such Secretary's certificate, (F) that attached thereto is a true and complete copy of the Merger Agreement as in effect on the date of such certification and (G) as to the incumbency and specimen signature of each officer of Cali executing this Agreement, the Mortgage, the Note, the other Credit Facility Documents or any other document delivered by the Operating Partnership in connection herewith or therewith (such certificate to contain a

26

certification by another officer of Cali as to the incumbency and signature of the officer signing the certificate referred to in this clause (iv)).

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

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

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

(g) OFFICER'S CERTIFICATE. The Administrative Agent shall have received a certificate of a Responsible Officer of Cali dated the Closing Date, (i) to the effect set forth in clauses (i), (j) and (k) of this SECTION 6.01, (ii) as to the solvency of Cali and the Operating Partnership, (iii) stating that there have been no material changes to the Pro Forma Closing Date Balance Sheet, except such changes as would result from the making of the Loan on the Closing Date, (iv) stating that all other conditions precedent to the borrowing of the Loan are satisfied, and (v) such other matters as the Administrative Agent may reasonably request.

(h) MATERIAL CHANGES. There shall not have been any material and adverse change with respect to the business, operations, condition or prospective condition (financial or otherwise), or liabilities of Cali or the Operating Partnership.

(i) DEFAULT. There shall not be any Default (as defined in the Mortgage) or Event of Default (as defined in the Mortgage) under the Mortgage.

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

(k) REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by Borrower in ARTICLE VII or in or pursuant to any Credit Facility Document qualified as to materiality shall be true and correct in all respects and those not so qualified shall be true and correct in all material respects, in each case on and as

27

of the date of the making of such Loan with the same force and effect as if made on and as of such date.

(l) SECURITY. All Obligations under this Agreement, shall be secured at all times by (i) a perfected first priority pledge by (x) the Operating Partnership, pursuant to the Operating Partnership Pledge Agreement, in the Pledged Partnership Interests described therein and (y) Cali, pursuant to the Cali Pledge Agreement, in the Pledged Stock described therein, and (ii) a perfected mortgage lien by the Borrower, pursuant to the Mortgage, in and to the Mortgaged Property .

(m) AMENDMENT TO EXISTING CREDIT FACILITY DOCUMENTS. The Existing Credit Facility Documents shall be amended so that all Obligations, including the Loan under this Agreement, shall become Obligations under the Existing Credit Facility Documents.

(n) GOVERNMENTAL AND THIRD PARTY APPROVALS. All material governmental and third party approvals necessary in connection with the transactions contemplated hereby and the continuing operations of Cali shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any government authority which would restrain, prevent or otherwise impose adverse conditions on the transactions contemplated hereby.

(o) NO INJUNCTIONS. No injunction, temporary restraining order or other similar relief shall have been issued and remain in effect against Cali or Borrower with respect to the transactions contemplated hereby.

(p) FINANCIAL STATEMENTS. Lender shall have received the audited consolidated balance sheet of Cali and Mack for the fiscal year ended December 31, 1996, and the related consolidated and consolidating statement of operations, in each case prepared in accordance with GAAP;

(i) Lender shall have received the unaudited consolidated and consolidating balance sheet of Cali, Mack and the Company for the fiscal quarter ended September 30, 1997, the related consolidated statements of operations, of stockholder's equity and of cash flows, and the related consolidating statement of operations, in each case prepared in accordance with GAAP (subject to normal year-end audit

adjustments);

(ii) Lender shall have received the Pro Forma Closing Date Balance Sheet;

28

(iii) Lender shall have received individual operating statements, satisfactory to Lender, for each of the Mortgaged Properties for fiscal years ended December 31, 1995, December 31, 1996 and nine months ended September 30, 1997;

(iv) Lender shall have received a current detailed rent roll, dated no later than September 30, 1997, for each of the Mortgaged Properties containing such information as may be reasonably requested by Lender;

and each of the foregoing shall be satisfactory in form and substance to the Administrative Agent and the Lender in their sole discretion.

(q) FINANCIAL MARKETS. There shall not have been any material and adverse change in the conditions of the financial and capital markets generally; trading in securities generally on the New York or American Stock Exchanges shall not have been suspended or materially limited; a general banking moratorium shall have not been declared by federal or state authorities and a moratorium in foreign exchange trading by major international banks or persons shall not have been declared.

(r) MORTGAGED PROPERTY MATTERS. Lender shall have received all leases relating to property 50,000 square feet or greater;

(i) Lender shall have completed its due diligence investigations regarding Cali, Mack and the Mortgaged Properties and Lender shall be satisfied with the results thereof including but not limited to the site inspection of each of the Mortgaged Properties;

(ii) Lender shall have received all insurance certificates required pursuant to Section 8.06 hereof. The insurance certificates shall be of the type and in the amount required;

(iii) Lender shall not be obligated to close the Loan if any condemnation proceedings have been threatened or commenced against any part of the Mortgaged Properties;

(iv) Lender shall not be obligated to close the Loan if any of the Mortgaged Properties has been materially damaged due to fire or other casualty;

29

(v) Based on Lender's underwriting criteria, in its sole discretion, the Loan amount shall not be in excess of 65% of the value of the Mortgaged Properties; and

(vi) Borrower shall also provide evidence, satisfactory, to Lender, that the Mortgaged Properties consist of one or more complete and distinct tax parcels.

(s) OTHER DOCUMENTS. The Administrative Agent shall have received such other documents as the Administrative Agent may reasonably request.

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

(t) CONSUMMATION OF THE MERGER. Upon the consummation of the Merger the Administrative Agent shall have received:

(i) the Merger Agreement and all other documents related thereto;

(ii) the Assumption Agreement, in substantially the form of Exhibit A hereto, executed by Mack-Cali Realty, L.P.;

(iii) a copy of Mack-Cali Realty, L.P.'s certificate of limited partnership, certified as of the Merger Consummation Date by the Secretary of State of Delaware; and

(iv) a certificate of such Secretary of State as to the good standing of Mack-Cali Realty, L.P.

ARTICLE VII  
REPRESENTATIONS AND WARRANTIES

In order to induce Lender to enter into this Agreement and to make the Loan provided for herein, Borrower hereby represents and warrants to the Administrative Agent and the Lender that:

SECTION 7.01 PARTNERSHIP EXISTENCE. The Operating Partnership: (a) is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware; (b) has all requisite partnership power and authority, and has all material governmental licenses, authorizations, consents and approvals, necessary to own its Property and assets and carry on its business as now being or as proposed to be conducted; (c) is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the nature of the business conducted by it

30

makes such qualification necessary and where failure so to qualify would, in the reasonable judgment of the Operating Partnership, have a Material Adverse Effect on the Operating Partnership; and (d) is in compliance with all Requirements of Law except to the extent that all failures to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect on the Operating Partnership.

SECTION 7.02 FINANCIAL CONDITION.

(a) Cali and Mack have heretofore furnished to Lender their consolidated balance sheet and statements of income, (i) as of and for the fiscal year ended December 31, 1996, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended September 30, 1997, certified by their chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Operating Partnership and its Subsidiaries, as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Cali has heretofore furnished to Lender its pro forma consolidated balance sheet as of September 30, 1997, prepared giving effect to the transactions as if the transaction had occurred on such date. Such pro forma consolidated balance sheet (i) has been prepared in good faith, (ii) is based on the best information available to Cali after due inquiry, (iii) accurately reflects all adjustment necessary to give effect to the transactions and (iv) presents fairly, in all material respects, the pro forma financial position of Cali and its Subsidiaries as of September 30, 1997, as if the transactions had occurred on such date.

(c) Borrower is not entering into the arrangements contemplated hereby and by the other Credit Facility Documents, and does not intend to make any transfer or incur any obligations hereunder or thereunder, with actual intent to hinder, delay or defraud either present or future creditors. On and as of the Closing Date, on a pro forma basis after giving effect to all Indebtedness (including the Loan incurred and Liens created, or to be created, in connection therewith) (w) Borrower expects that the cash available to Borrower and its Subsidiaries on a consolidated basis, after taking into account all other anticipated uses of the cash of such Person (including the payments on or in respect of debt referred to in clause (y) of this SECTION 7.02(B)), will be sufficient to satisfy all obligations and liabilities of the Operating Partnership and its Subsidiaries as they become due; (x) the sum of the present fair saleable value of the assets of the Operating Partnership and its Subsidiaries on a consolidated basis will exceed the probable liability of the Operating Partnership and its Subsidiaries on their debts (including their Guaranty Obligations); (y) the Operating Partnership and its Subsidiaries on a consolidated basis will not have incurred and do not intend to, or believe that they will, incur debts beyond their ability to pay such debts as such debts mature (taking into account the timing and amounts of cash to be received by such

31

Person from any source, and of amounts to be payable on or in respect of debts of such Person and the amounts referred to in clause (w)); and (z) the Operating Partnership and its Subsidiaries on a consolidated basis will have sufficient capital with which to conduct their present and proposed business and the Property of the Operating Partnership and its Subsidiaries does not constitute unreasonably small capital with which to conduct their present or proposed business. For purposes of this SECTION 7.02(B), "DEBT" means any liability on a claim, and "CLAIM" means (i) right to payment whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed (other than those being disputed in good faith), undisputed,

legal, equitable, secured or unsecured, or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

SECTION 7.03 LITIGATION. There are no legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, now pending or (to the knowledge of Borrower) threatened against or affecting Borrower, any Subsidiary or any of their Property which, if adversely determined, would have a Material Adverse Effect on the Borrower or any Subsidiary or which involve this Agreement or any of the transactions contemplated thereby

SECTION 7.04 NO BREACH. The execution and delivery of this Agreement and the other Credit Facility Documents, the consummation of the transactions herein contemplated and compliance with the terms and provisions hereof do not and will not conflict with or result in a breach of, or require any consent or constitute a default under, the certificate of limited partnership or partnership agreement of the Operating Partnership, any Requirement of Law, any decree of any court or governmental authority or agency, or any agreement or instrument to which Borrower is a party or by which it or any of its Property is bound except any such consent that may have been obtained prior to the date hereof, and will not result in, or require, the creation or imposition of any Lien (other than those created pursuant to the Pledge Agreement) on any of its Property or assets.

SECTION 7.05 PARTNERSHIP POWER; AUTHORIZATION; ENFORCEABLE OBLIGATIONS. Borrower has all necessary partnership power, authority and legal right to make, execute, deliver and perform its obligations under this Agreement and the other Credit Facility Documents; the making and performance by Borrower of this Agreement and the other Credit Facility Documents have been duly authorized by all necessary partnership action on its part (including, without limitation, any required shareholder approvals); and this Agreement, the Pledge Agreement and the other Credit Facility Documents have been duly and validly executed and delivered by Borrower and constitute, and the Note when executed and delivered by Borrower for value will constitute, its legal, valid and binding obligation, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general

32

applicability affecting the enforcement of creditors' rights, and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 7.06 APPROVALS. No authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency or any securities exchange are necessary for the making and performance by Borrower of this Agreement and the other Credit Facility Documents or for the legality, validity or enforceability thereof that have not been made or obtained. There does not exist any judgment, order, injunction or other restraint issued or filed or hearing seeking injunctive relief or other restraint pending or noticed with respect to the making of the Loan by Lender, the performance by Borrower under any of the related documents to which they are or will be a party or any of the transactions contemplated thereby.

SECTION 7.07 NO DEFAULT. Neither Borrower nor any of its Subsidiaries is in default under or with respect to any of their Contractual Obligations in any respect, or with respect to any order, writ, injunction, decree, rule or regulation of any Governmental Authority, which default could reasonably be expected to have a Material Adverse Effect on Borrower or its Subsidiaries. As of the Closing Date, and as of the date of each Loan, no Default or Event of Default has occurred and is continuing.

SECTION 7.08 OWNERSHIP OF PROPERTY. (a) Borrower and its Subsidiaries have good record and marketable title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other Property, and none of such property is subject to any Lien other than the Liens created under the Existing Credit Facility Documents.

(b) Borrower and its Subsidiaries have the right to deed, mortgage, give, grant a security interest in, bargain, sell, alien, enfeoff, convey, confirm, pledge, assign and hypothecate the Mortgaged Property and that Borrower and its Subsidiaries possesses an unencumbered fee estate in the Premises and Improvements (as defined in the Mortgage) and that it owns the Mortgaged Property free and clear of all Liens (other than the Lien created by the Mortgage), whatsoever. Borrower shall forever warrant, defend and preserve such title and the validity and priority of the lien of the Mortgage to Lender against claims of all persons whomsoever.

SECTION 7.09 TAXES. Borrower and its Subsidiaries have filed or

caused to be filed all material tax returns which, to the knowledge of Borrower, are required to be filed by them (or extensions of time to file such returns have been obtained) and have paid all taxes shown to be due and payable on said returns or on any assessments made against them or any of their Property and all other taxes, fees or other charges imposed on them or any of their Property by any Governmental Authority (other than any the amount or validity of which are being contested in good faith by

33

appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of Borrower or its Subsidiaries, as the case may be); no tax Lien has been filed, and, to the knowledge of Borrower, no claim is being asserted in writing with respect to any such tax, fee or other charge which, if foreclosed upon or adversely determined, as the case may be, would have a Material Adverse Effect on Borrower or its Subsidiaries.

SECTION 7.10 USE OF CREDIT. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing any "margin stock" as such term is defined in Regulation U. No part of the proceeds of any Loan will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose which violates the provisions of Regulations G, T, U or X or other regulations of the Board of Governors of the Federal Reserve System. If requested by Lender or the Administrative Agent, Borrower will furnish to the Administrative Agent and Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

SECTION 7.11 ERISA. Borrower and its Subsidiaries is in compliance in all material respects with the provisions of ERISA and the Internal Revenue Code applicable to Plans. Each Plan, and, to the knowledge of the Operating Partnership, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Internal Revenue Code and any other federal or state law. No event or condition has occurred and is continuing as to which Borrower or any Subsidiary would be under an obligation to furnish a report to Lender under SECTION 8.08 hereof. No liability to the PBGC that is material to Borrower and its Subsidiaries taken as a whole has been, or to the Operating Partnership's best knowledge is reasonably expected to be, incurred with respect to any Plan.

SECTION 7.12 INVESTMENT COMPANY ACT. Borrower is not, and will not during the term of this Agreement be, an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended. Borrower is not subject to regulation under any foreign, federal, state or local statute or regulation which limits its ability to incur Indebtedness.

SECTION 7.13 PUBLIC UTILITY HOLDING COMPANY ACT. Borrower is not, and will not during the term of this Agreement be, a "holding company," or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 7.14 ENVIRONMENTAL MATTERS. (a) Borrower and its Subsidiaries has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on their business as now

34

being or as proposed to be conducted, except to the extent failure to have any such permit, license or authorization would not in the reasonable judgment of Borrower have a Material Adverse Effect on Borrower or its Subsidiaries taken as a whole. Each of such permits, licenses and authorizations is in full force and effect and each of Borrower and its Subsidiaries is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any plan, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply therewith would not in the reasonable judgment of Borrower have a Material Adverse Effect on Borrower and its Subsidiaries taken as a whole.

(b) To the best of Borrower's knowledge, after due inquiry and investigation: (a) the Mortgaged Property is not in violation of any local, state, federal or other governmental authority, statute, ordinance, code, order, decree, law, rule or regulation pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or cleanup including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), the Resource Conservation



and Recovery Act, as amended ("RCRA"), and any state superlien and environmental cleanup statutes (collectively, "Environmental Laws"); (b) the Mortgaged Property is not subject to any private or governmental lien or judicial or administrative, claim or action relating to hazardous and/or toxic, dangerous and/or regulated, substances, wastes, materials, pollutants or contaminants, petroleum, petroleum by-products, friable asbestos, tremolite, anthlophyllie or actinolite or polychlorinated biphenyls (including, without limitation, any raw materials which include hazardous constituents) and any other substances or material which are included under or regulated by Environmental Laws (collectively, "Hazardous Substances"); (c) Except as set forth in the environmental reports delivered to Lender by Borrower, no Hazardous Substances are or have been discharged, generated, treated, disposed of or stored on, incorporated in, or removed or transported from the Mortgaged Property otherwise than in material compliance with all Environmental Laws and in a manner which has not led to an unpermitted Release of a Hazardous Substance to the environment; and (d) Except as set forth in the environmental reports delivered to Lender by Borrower, no underground storage tanks exist on any of the Mortgaged Property.

(c) Notwithstanding anything previously disclosed to Lender, so long as Borrower owns or is in possession of the Mortgaged Property, Borrower shall keep or cause the Mortgaged Property to be kept in material compliance with all Environmental Laws and shall notify Lender within five (5) business days after Borrower becomes aware of the existence of any Release of Hazardous Substances or the storage of any Hazardous Substance in material violation of any Environmental Laws with respect to, the Mortgaged Property. Borrower shall remediate any such Hazardous Substances and/or cure any such material violations, as required by Environmental Law, promptly after Borrower becomes aware of same, at Borrower's sole expense. Nothing herein shall prevent Borrower from recovering such expenses from any other party (excluding

35

Lender) that may be liable for such violation, removal or cure. If, at any time and from time to time while this Agreement, the Mortgage and the other Credit Facility Documents are in effect, Lender has reasonable cause to believe that Borrower has violated, or permitted any violations, under this Section 7.14, then Borrower shall provide, at Borrower's sole expense, a report of inspection or audit of the Mortgaged Property prepared by a qualified hydro-geologist or qualified environmental engineer approved by Lender indicating the presence or absence of Hazardous Substances in, violation of Environmental Laws at the Mortgaged Property or in violation of this Section. If Borrower fails to provide such inspection or audit report within thirty (30) days after such request, Lender may order same, and Borrower hereby grants to Lender and its employees and agents access to the Mortgaged Property to undertake such inspection or audit. Lender shall provide Borrower with a copy of the inspection or audit report and the invoice for such report immediately upon receipt by the Lender. The reasonable cost of such inspection or audit report prepared by Lender shall be immediately due and payable, shall be added to the Loan and shall bear interest at the Post-Default Rate from the date expended by Lender until paid by Borrower. The obligations and liability of Borrower under this Section 7.14(c) shall survive any termination, satisfaction, or assignment of this Agreement or the Mortgage and the exercise by Lender of any of its rights or remedies hereunder, including but not limited to, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure.

SECTION 7.15 TRUE AND COMPLETE DISCLOSURE. The information, reports, financial statements, exhibits and schedules furnished by or on behalf of Borrower to Lender in connection with the negotiation, preparation or delivery of this Agreement or included herein or delivered pursuant hereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written financial information, furnished after the date hereof by Borrower to Lender in connection with this Agreement and the transactions contemplated hereby will be true, and complete and accurate in every material respect, or (in the case of projections) based on estimates believed by Borrower in good faith to be reasonable, on the date as of which such information is stated or certified. There is no fact known to Borrower that would, in the reasonable opinion of Borrower, have a Material Adverse Effect on the financial condition of Borrower and its Subsidiaries taken as a whole that has not been disclosed herein or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to Lender for use in connection with the transactions contemplated hereby.

SECTION 7.16 LABOR MATTERS. Neither Borrower nor any of its Subsidiaries has experienced any strike, labor dispute, slowdown or work stoppage due to labor disagreements which has had a Material Adverse Effect on the respective business of Borrower and its Subsidiaries taken as a whole and to the best knowledge of Borrower there is no such strike, dispute, slowdown or work stoppage threatened against Borrower or any of its Subsidiaries.

ARTICLE VIII  
COVENANTS OF BORROWER

Borrower hereby covenants and agrees that, so long as the Note or Loan remains outstanding, and until payment in full of all amounts payable by Borrower to Lender or the Administrative Agent hereunder:

SECTION 8.01 FINANCIAL STATEMENTS. Borrower shall deliver to the Administrative Agent and to Lender:

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

(b) as soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Operating Partnership, (i) separate financial statements for the Mortgaged Property, including a balance sheet, an income and expense statement, occupancy percentages and such other statements as may be required by the Administrative Agent, prepared in accordance with GAAP, and (ii) consolidated financial statements of Cali, the Operating Partnership and their Consolidated Subsidiaries as filed with the Securities and Exchange Commission, including supplemental schedules of separate consolidating balance sheets and income and expense statements for each of Cali, the Operating Partnership and their Consolidated Subsidiaries, a schedule showing the depreciated basis (determined under GAAP) for each of the assets listed on SCHEDULE III, and such other statements as may be required by the Administrative Agent, accompanied, in the case of the consolidated financial statements referred to in this clause (ii), by a report and opinion thereon by Price Waterhouse or another independent certified public accountant of recognized national standing acceptable to the Administrative Agent which report shall (A) be unqualified as to going concern and scope of audit, (B) state that said financial statements fairly present the consolidated

37

financial condition and results of operations of Cali, the Operating Partnership and their Consolidated Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP, and (C) contain no material exceptions or qualifications except for qualifications relating to accounting changes (with which such independent public accountants concur) in response to FASB releases or other authoritative pronouncements PROVIDED that, if Cali has filed an extension for the filing of such statements referred to in this clause (ii), Cali shall deliver such statement to the Administrative Agent within ten (10) days after filing thereof with the SEC which filing shall be within fifteen (15) days of Cali's filing for such extension or such sooner time as required to avert a Material Adverse Effect on Cali; and

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

All such financial statements under (a) and (b) above shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein).

SECTION 8.02 CERTIFICATES AND OTHER INFORMATION. The Operating

Partnership shall deliver to the Administrative Agent and to each Lender:

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

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

38

(c) promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent or made available by the Operating Partnership or any of its Subsidiaries to its partners generally, of all regular and periodic reports and all registration statements and prospectuses, if any, filed by any of them with any securities exchange or with the Securities and Exchange Commission, or any comparable foreign bodies, and of all press releases and other statements made available generally by any of them to the public concerning material developments in the business of the Operating Partnership or any of its Subsidiaries PROVIDED that, if Cali has filed an extension for the filing of such statement, Cali shall deliver such statement to the Administrative Agent within ten (10) days after filing thereof with the SEC which filing shall be within fifteen (15) days of Cali's filing for such extension or such sooner time as required to avert a Material Adverse Effect on Cali; and

(d) promptly upon any executive officer of Cali obtaining knowledge (i) of any Default, or becoming aware that any Lender has given notice or taken any other action with respect to a claimed Event of Default or (ii) that any Person has given any notice to the Operating Partnership or taken any other action with respect to a claimed default or event or condition of the type referred to in paragraph 9.01 (b) of ARTICLE IX or any condition or event which would be required to be disclosed in a current report filed by the Operating Partnership with the Securities and Exchange Commission on Form 8-K (other than Item 5 as in effect on the date hereof) if the Operating Partnership were required to file such reports under the Securities Exchange Act of 1934, as amended, or the rules and regulations thereunder (or any successor thereof), a certificate of the president or chief financial officer of Cali specifying the nature and period of existence of any such condition or event, or specifying the notice given or action taken by such holder or Person and the nature of such claimed Event of Default or condition and what action the Operating Partnership has taken, is taking and proposes to take with respect thereto.

SECTION 8.03 LITIGATION. Borrower will promptly give to Lender notice of all legal or arbitral proceedings, and of all proceeding by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, affecting Borrower or any of its Subsidiaries, except proceedings which, if adversely determined, would not, in the reasonable judgment of Borrower, have a Material Adverse Effect on Borrower or its Subsidiaries.

SECTION 8.04 CONDUCT OF BUSINESS, EXISTENCE, ETC. Borrower will, and will cause each of its Subsidiaries to:

(a) continue to engage in business of the same general type as now conducted by it; do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence; and take all reasonable action to

39

maintain all rights, privileges, licenses and franchises necessary or desirable in the normal conduct of its business, except such rights, privileges, licenses and franchises with respect to which the failure to maintain could not, individually or in the aggregate, have a Material Adverse Effect on Borrower or its Subsidiaries;

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

(c) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its Property

prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which any reserves required by GAAP are being maintained or the failure to pay or discharge which would not, in the reasonable judgment of Borrower, have a Material Adverse Effect on the Borrower or its Subsidiaries;

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

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

(f) permit, upon reasonable notice, representatives of the Administrative Agent and any Lender, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its Property, and to discuss its business and affairs with its officers and independent certified accountants, all to the extent reasonably requested by Lender; PROVIDED, HOWEVER, that to the extent any of such information Borrower may require that the Administrative Agent and any Lender keep such information confidential; PROVIDED FURTHER, HOWEVER, that the Administrative Agent and any Lender may disclose all or part of such information to (i) a third party, provided that such third party agrees to keep the same confidential and not to use such information for competitive purposes; or (ii) required by law; or (iii) requested by any regulatory authorities.

SECTION 8.05 PAYMENT OF OBLIGATIONS. Borrower will, and will cause each Subsidiary to, pay, discharge or otherwise satisfy at or before maturity or

40

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

SECTION 8.06 INSURANCE. Borrower, at its sole cost and expense, will keep the Mortgaged Property insured during the entire term of the Loan for the mutual benefit of Borrower and Lender against loss or damage by fire and against loss or damage by other risks and hazards covered by a standard extended coverage insurance policy including, but not limited to, fire, lightning, windstorm, hail, explosion, riot attending a strike, riot, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, burglary and theft, and to the extent required by Lender, earthquake or any other risks insured against by persons operating like properties in the locality of the Mortgaged Property. Such insurance shall be in an amount not less than the lesser of (i) the then full replacement cost of the Mortgaged Property, without deduction for physical depreciation, or (ii) the outstanding principal balance of the Indebtedness; but in any event an amount sufficient to ensure that the insurer issuing said policies would not deem Borrower a co-insurer under said policies. The policies of insurance carried in accordance with this paragraph shall be paid annually in advance and shall contain the "Replacement Cost Endorsement" with a waiver of depreciation.

(a) Borrower, at its sole cost and expense, for the mutual benefit of Borrower and Lender, shall also obtain and maintain during the entire term of this Mortgage the following policies of insurance:

(i) Flood insurance (meeting the current requirement of the Federal Insurance Administration) if any part of the Mortgaged Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (and any successor act thereto) in an amount at least equal to the lesser of (A) the stated principal amount of the

Note; or (B) the maximum amount of coverage available to Borrower under the Flood Disaster Protection Act of 1973 (and any successor act thereto).

41

(ii) Comprehensive general liability insurance, including bodily injury, death and property damage liability, and umbrella liability insurance against any and all claims, including all legal liability to the extent insurable imposed upon Borrower and all court costs and attorneys' fees and expenses, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the Mortgaged Property in such amounts as are generally available and are generally required by institutional lenders for properties comparable to the Mortgaged Property but in no event for a combined single limit of less than \$30,000,000. In the event that any payment of proceeds is made under any umbrella liability insurance policy, Mortgagor shall immediately purchase additional liability insurance coverage so that at all times there shall be no less than \$30,000,000 of liability insurance coverage;

(iii) Business interruption and/or rental loss insurance (for all losses regardless of cause, and with no exclusions) in an amount equal to the aggregate annual amount of all rents, additional rents (including, without limitation, percentage rents) payable by all of the tenants under the Leases (whether or not such Leases are terminable in the event of a fire or casualty) and profits or other income from the Mortgaged Property, which business interruption insurance and/or rental loss insurance shall cover such losses for a period of at least twelve (12) months after the date of the fire or other casualty in question. The amount of such insurance shall be increased from time to time during the term of this Mortgage as and when Lender requires, to reflect all rent, additional rent, increased rent and increased additional rent payable by all new or renewal tenants, and all increased profits or other income from the Mortgaged Property.

(iv) Insurance against loss or damage from explosion of steam boilers, air conditioning equipment, high pressure piping, machinery and equipment, pressure vessels or similar apparatus now or hereafter installed in the Improvements (excepting any such apparatus located within and serving individual residential units of the Improvements, if any).

(v) Broad form boiler and machinery insurance covering all boilers or other pressure vessels, machinery and equipment located in, on or about the Mortgaged Property and insurance against loss of occupancy or use arising from any such breakdown in such amounts as are generally required by institutional lenders for properties comparable to the Real Estate;

(vi) Statutory workers' compensation insurance (to the extent the risks to be covered thereby are not already covered by other policies of insurance maintained by it), with respect to any work on or about the Mortgaged Property;

(vii) Such other insurance as may from time to time be reasonably required by Lender in order to protect its interests.

42

(b) All policies of insurance (individually, a "POLICY", and collectively the "POLICIES") required pursuant to this Agreement: (i) shall be issued by an insurer or insurers satisfactory to Lender, in its sole discretion; (ii) shall contain a mortgagee non-contribution clause satisfactory to Lender, in its sole discretion, naming Lender as an additional insured and as the person to which all payments made by such insurance company shall be paid; (iii) shall be maintained throughout the term of this Loan without cost to Lender; (iv) shall contain such provisions as Lender deems necessary or desirable to protect its interest including, without limitation, endorsements providing that neither Borrower, Lender nor any other party shall be a co-insurer under said Policies and that Lender shall receive at least thirty (30) days prior written notice of any modification, termination or cancellation of the applicable Policy; and (v) shall be satisfactory in form and substance to Lender and shall be approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. Borrower shall pay the premiums for such Policies (the "INSURANCE PREMIUMS") as the same become due and payable. Not later than thirty (30) days prior to the expiration date of each of the Policies, Borrower will deliver to Lender satisfactory evidence of the renewal of each expiring Policy. On or before the date hereof, Borrower shall deliver to Lender certificates evidencing the Insurance Policies, meeting the above-described requirements.

SECTION 8.07 LIMITATION ON LIENS. Borrower will not, nor will it permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon the Mortgaged Property other than the Liens created under the Mortgage.

SECTION 8.08 ERISA. The Operating Partnership shall deliver to the Administrative Agent as soon as possible, and in any event within ten (10) days after the Operating Partnership knows or has reason to believe that any of the

events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a senior financial officer of the Operating Partnership setting forth details respecting such event or condition and the action, if any, that the Operating Partnership or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by the Operating Partnership with respect to such event or condition):

(a) any reportable event as defined in Section 4043(b) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (PROVIDED, HOWEVER, that a failure to meet the minimum funding standard of Section 412 of the Internal Revenue Code or Section 302 of ERISA, including, without limitation, the failure to make on or before its due date a required installment under Section 412(m) of the Internal Revenue Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Internal Revenue Code); and any request for a waiver under Section 412(d) of the Internal Revenue Code for any Plan;

43

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

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

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

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

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

SECTION 8.09 USE OF PROCEEDS. Borrower will use the proceeds of the Loan hereunder solely for the purpose of, (i) prepaying the holders of which have not consented to the assumption of such debt by Cali, (ii) paying certain fees and expenses incurred in connection therewith and (iii) payments made in connection with the consummation of the Merger.

SECTION 8.10 ENVIRONMENTAL LAWS. Borrower shall:

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

44

Person with respect to any violation, or threatened violation or non-compliance with, or liability or threatened liability under any Environmental Laws which, in any case or when taken together with all such other notices, could reasonably be expected to have a Material Adverse Effect on Borrower and its Subsidiaries taken as a whole;

(b) materially comply with all Environmental Laws applicable to Borrower and obtain and comply with and maintain any and all licenses, approvals, registrations or permits required of Borrower by Environmental Laws; and use reasonable efforts to ensure material compliance by all tenants and subtenants with all Environmental Laws applicable to their operations;

(c) conduct and complete all investigations, studies, sampling and

testing, and all remedial, removal and other actions required of Borrower or its Subsidiaries under all Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities; and

(d) defend, indemnify, protect and hold harmless the Administrative Agent and Lender, and their respective employees, agents, officers and directors (each, an "INDEMNIFIED PERSON"), from and against any claims, demands, penalties, fines, liabilities, settlements, damages, defenses, judgments, suits, proceedings, losses, obligations, costs and expenses of any kind or nature whatsoever, known or unknown, contingent or otherwise incurred by an Indemnified Person to the extent, arising out of, or in any way related to the violation of or noncompliance with any Environmental Laws (relating to (1) the past, present or future ownership, possession, control or operation of any Property or any asset of Borrower or its Subsidiaries, (2) the past, present or future condition of any site or facility owned, operated or leased by Borrower or any of its Subsidiaries, or (3) any Release or threatened Release of any Hazardous Substances from any such site or facility, including any such Release or threatened Release which shall occur during any period when the Administrative Agent on behalf of Lender shall be in possession of any such site or facility following the exercise by the Administrative Agent on behalf of Lender of any of their rights and remedies hereunder or under any related document) unless such Release or threatened Release shall be caused by the gross negligence of the Indemnified Person, including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees and costs ("INDEMNIFIED EXPENSES"), but excluding therefrom, taking into account all principles of equitable apportionment, all claims, demands, penalties, fines, liabilities, settlements, damages, defenses, judgments, suits, proceeds, losses, obligations, costs and expenses of any kind or nature whatsoever, known or unknown, contingent or otherwise, arising out of or resulting, directly or indirectly, from (i) the gross negligence or willful misconduct of such Indemnified Person, or (ii) any acts or omissions of any Indemnified Person occurring after such Indemnified Person is in possession of, or controls the operation of, any Property or asset of Borrower or any of its Subsidiaries, except to the extent such Indemnified Expenses arise from any act or omission, condition or

45

event in existence on or before the date such Indemnified Person is in possession of, or controls the operation of, any Property or asset of Borrower or any of its Subsidiaries, even if the act or omission, condition or event (x) is not discovered until after such date, or (y) becomes an Indemnified Expense as a result of a change in any Environmental Law that becomes effective after such date.

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

SECTION 8.11 HAZARDOUS SUBSTANCES. Borrower shall not cause or permit, or permit any Subsidiary to cause or permit, any of its Property or assets to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with all applicable Environmental Laws, nor release, discharge, dispose of or permit or suffer any release or disposal as a result of any intentional act or omission on its part of Hazardous Substances onto any such Property or asset in material violation of any Environmental Law.

SECTION 8.12 CLAIMS. Borrower shall report to the Administrative Agent, within fifteen (15) days of the date on which an executive officer becomes aware of the same, any legal claims against Borrower in excess of \$1,000,000 over the amount directly covered by insurance.

SECTION 8.13 ESTOPPEL CERTIFICATES, SUBORDINATION AGREEMENTS, ETC.

(a) Within ninety (90) business days after request by the Lender, Borrower will furnish Lender with estoppel certificates, in form and content reasonably satisfactory to Lender, for (x) 100% of the leases for 10,000 square feet and larger and (y) 50% of the leases below 10,000 square feet, from all tenants (other than tenants under leases for residential purposes, congregate care service or mini-warehouse storage rentals (unless such storage rental exceed ten percent (10%) of the rentable square footage of such storage facility) (collectively "Residential Leases")), or if any tenant fails to provide such estoppel certificate, Borrower shall provide a certificate with respect to the tenancy of such tenant, in form and substance satisfactory to Lender.

(b) Within ninety (90) business days after request by the Lender, Borrower will furnish Lender with Subordination Agreements, in form and content reasonably satisfactory to Lender, for (x) 100% of the leases for 10,000 square feet and larger and (y) 50% of the leases below 10,000 square feet, from all tenants (other than tenants under Residential Leases).

(c) Within ninety (90) business days after the request by the Lender, Borrower will furnish Lender with (i) Phase I environmental site assessment

environmental reports, (ii) architectural reports and (iii) engineering reports, on the

46

Mortgaged Properties in form and content reasonably satisfactory to Lender and prepared by qualified professionals reasonably satisfactory to Lender.

(d) Within ninety (90) business days after the request by the Lender, Borrower will furnish Lender with the permanent certificate(s) of occupancy for the Mortgaged Properties, in form and content reasonably satisfactory to Lender.

Borrower agrees to pay or reimburse Lender and the Administrative Agent for all its costs and expenses incurred in (i) the enforcement of Borrower's compliance to the covenants contained in this ARTICLE VIII or (ii) the preservation of Lender's rights under this ARTICLE III.

#### ARTICLE IX EVENTS OF DEFAULT

SECTION 9.01 If one or more of the following events (herein called "EVENTS OF DEFAULT") shall occur and be continuing:

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

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

(c) Borrower or any of its subsidiaries shall (i) default in the payment of principal of or interest on any other Indebtedness or in the payment of any Guaranty Obligation (x) in respect of any recourse obligations in an aggregate amount in excess of \$1,000,000 or (y) in respect of any without recourse obligations in an aggregate amount in excess of \$25,000,000, at any one time to any third party when due (whether at scheduled maturity or by required prepayment, acceleration, demand or otherwise) and such default continues after the applicable notice or grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guaranty Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, and such default continues after the applicable notice or grace period, if any, specified in the agreement or instrument relating to such Indebtedness, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guaranty Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice

47

if required, such Indebtedness to become due prior to its stated maturity or such Guaranty Obligation to become payable; or

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

(e) Borrower, after giving effect to any requirement of notice or opportunity to cure, shall default in the observance or performance of any agreement contained (i) IN SECTION 8.02 of this Agreement, or (ii), in the Mortgage; or

(f) Borrower or any of its Subsidiaries shall default in the performance of any of its other obligations under this Agreement or any other Credit Facility Document and such default shall continue unremedied for a period of thirty (30) days after the earlier of (i) Borrower's knowledge of such default or (ii) notice thereof to Borrower by the Administrative Agent, which Default cannot be cured by the payment of a sum of money; PROVIDED, HOWEVER, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and if Borrower or Subsidiary shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for Borrower or such Subsidiary in the exercise of due diligence to cure such



Default, such additional period not to exceed ninety (90) days; or

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

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

(i) A proceeding or case shall be commenced, without the application or consent of Borrower or any of its Subsidiaries, in any court of competent

48

jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of Borrower or such Subsidiary or of all or any substantial part of its Property, or (iii) similar relief in respect of Borrower or such Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of ninety (90) or more days; or an order for relief against Borrower or such Subsidiary shall be entered in an involuntary case under the Bankruptcy Code (or the equivalent under the laws of another jurisdiction); or

(j) final judgment or judgments for the payment of money in excess of \$5,000,000 (or the equivalent in another currency) in the aggregate (exclusive of judgment amounts fully covered by insurance) shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against Borrower or its Subsidiaries and the same shall not be satisfied or discharged (or provision shall not be made for such satisfaction or discharge), or a stay of execution thereof shall not be procured, within sixty (60) days from the date of entry thereof and Borrower or the relevant Subsidiary shall not, within said period of sixty (60) days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

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

(l) (i) The Mortgage, for any reason, shall cease to be or not be in full force and effect, or Cali, Borrower or any of its Subsidiaries which is a party to the Mortgage shall so assert, or (ii) the Lien created by the Mortgage shall cease to be or not be enforceable and of the same effect and priority purported to be created thereby; or

(m) Cali creates, incurs or suffers to exist any Lien, charge or encumbrance on the Pledged Stock, Pledged Partnership Interests or Mortgaged Property described in the Cali Pledge Agreement, Operating Partnership Pledge Agreement or Mortgage respectively; or

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

49

THEREUPON: (1) in the case of an Event of Default other than one referred to in clause (h) or (i) of this ARTICLE IX, either or both of the following actions may be taken: with the consent of Lender, the Administrative Agent may or upon the request of Lender, the Administrative Agent shall, by notice to Borrower, declare the Loan hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Note to be due and payable forthwith, whereupon the same shall immediately become due and payable without presentment demand, protest or other formalities of any kind, all of which are hereby expressly waived by Borrower; and (2) in the case of the

occurrence of an Event of Default referred to in clause (h) or (i) of this ARTICLE IX, the Loan hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the Note shall immediately become due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by Borrower. In addition, Lender may exercise any and all remedies available under the Mortgage, the Assignment of Lease and the other Credit Facility Documents.

ARTICLE X  
THE ADMINISTRATIVE AGENT

SECTION 10.01 APPOINTMENT. The general administration of the Credit Facility Documents and any other documents contemplated by this Agreement shall be by the Administrative Agent or its designees. Lender hereby irrevocably designates and appoints PSC as the Administrative Agent of such Lender under this Agreement and the other Credit Facility Documents, and Lender irrevocably authorizes PSC as the Administrative Agent for such Lender, at its discretion, to take or refrain from taking such action on its behalf under the provisions of this Agreement and the other Credit Facility Documents and to exercise or refrain from exercising such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Facility Documents, together with which other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Facility Document or otherwise exist against the Administrative Agent.

SECTION 10.02 DELEGATION OF DUTIES. The Administrative Agent may execute any of its duties under this Agreement and the other Credit Facility Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

50

SECTION 10.03 EXCULPATORY PROVISIONS.

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

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

SECTION 10.04 RELIANCE BY ADMINISTRATIVE AGENT. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, teletype, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and it shall be entitled to rely upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the

Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Facility Document unless it shall first receive such

51

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

SECTION 10.05 NOTICE OF DEFAULT. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from Lender or Borrower pursuant to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to Lender. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by Lender; PROVIDED, HOWEVER, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of Lender.

SECTION 10.06 NON-RELIANCE ON ADMINISTRATIVE AGENT AND OTHER LENDERS. Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorney-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to Lender. Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, Property, financial and other condition and creditworthiness of Borrower and made its own decision to make the Loan hereunder and enter into this Agreement. Lender also represents that it will, independently and without reliance upon the Administrative Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Facility Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, Property, condition (financial

52

or otherwise), prospects or creditworthiness of Borrower. Except for notices, reports and other documents expressly required to be furnished to Lender by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide Lender with any credit or other information concerning the business, operations, Property, condition (financial or otherwise), prospects or creditworthiness of Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION 10.07 REIMBURSEMENT AND INDEMNIFICATION. Lender agrees (i) to reimburse the Administrative Agent for any expenses and fees incurred for the benefit of Lender under the Credit Facility Documents, including, without limitation, counsel fees and compensation of agents and employees paid for services rendered on behalf of Lender, and any other expense incurred in connection with the operations or enforcement thereof not reimbursed by Borrower or one of its Subsidiaries, and (ii) to indemnify the Administrative Agent and any of its directors, officers, employees or agents, upon demand (to the extent not reimbursed by Borrower and without limiting the obligation of Borrower to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Note) be imposed on, incurred by or asserted against it or them in any way relating to or arising out of this Agreement, any of the other Credit Facility Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by it or them under or in connection with any of the foregoing; PROVIDED, HOWEVER, that Lender shall not be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the gross negligence or willful misconduct of the Person seeking indemnification. The agreements in this SECTION 10.07 shall survive the payment of the Note and all other amounts payable hereunder.

SECTION 10.08 ADMINISTRATIVE AGENT IN ITS INDIVIDUAL CAPACITY. The Administrative Agent and its Affiliates may make Loan to, accept deposits from and generally engage in any kind of business with Borrower as though the Administrative Agent were not the Administrative Agent hereunder and under the other Credit Facility Documents. With respect to the Loan made or renewed by it and the Note issued to it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Credit Facility Documents as Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" shall include the Administrative Agent in its individual capacity.

SECTION 10.09 SUCCESSOR ADMINISTRATIVE AGENT.

(a) The Administrative Agent and the Collateral Holder may resign as Administrative Agent and Collateral Holder at any time by giving written notice thereof to Lender. If the Administrative Agent or Collateral Holder shall resign as Administrative Agent or Collateral Holder, as the case may be, under this Agreement and the other Credit Facility Documents, then Lender shall appoint from among Lender a successor agent or Collateral Holder for Lender, which successor

53

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

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

SECTION 10.10 COLLATERAL HOLDER.

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

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

(c) Lender hereby consent, and agree upon written request by the Collateral Holder, to execute and deliver such instruments and other documents as the Collateral Holder may deem desirable to confirm such consent, to the release of

54

the Liens and security interests in the Collateral, including any release in connection with any sale, transfer or other disposition of the Collateral or any part thereof in accordance with the Credit Facility Documents.

(d) The Collateral Holder shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that

which the Collateral Holder accords its own Property, it being understood that neither the Collateral Holder nor any Lender shall have responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Holder or any Lender has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral.

ARTICLE XI  
MISCELLANEOUS

SECTION 11.01 NO WAIVER; CUMULATIVE REMEDIES. No failure on the part of the Administrative Agent or Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement or any other Credit Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement or any other Credit Facility Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, remedies, powers and privileges provided herein are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 11.02 NOTICES. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three (3) days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received PROVIDED, HOWEVER, that any notice, request or demand to or upon the Administrative Agent or Lender pursuant to SECTIONS 2.02, 2.06 or 4.01(B) shall not be effective until received., addressed as follows the case of Borrower and the Administrative Agent, and as set forth in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Note:

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

55

Cali Realty, L.P.  
11 Commerce Drive  
Cranford, New Jersey 07016  
Attention: Roger Thomas  
Telecopy: (908) 272-6755

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

The Administrative Agent: Prudential Securities Credit Corporation  
                              One Seaport Plaza  
                              New York, New York 10292  
                              Attention: George Morgan  
                              Telecopy: (212) 214-7678

With copies to:           Prudential Securities Incorporated  
                              One New York Plaza  
                              New York, New York 10292  
                              Attention: Richard K. Gupta  
                              Telecopy: (212) 778-4586

With a copy to:           Skadden Arps, Slate, Meagher & Flom LLP  
                              919 Third Avenue  
                              New York, New York 10022  
                              Attention: Peter J. Neckles  
                              Telecopy: (212) 735-2000

SECTION 11.03 EXPENSES. Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket third party costs and expenses incurred in connection with the development, preparation and execution of, any amendment, supplement, extension or modification to, or waiver of, this Agreement, the Mortgage, the Note and the other Credit Facility Documents and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated thereby, and any term loan or credit facility made by Lenders or any Third Party to refinance the Loan, including, without limitation, the reasonable fees and disbursements of counsel, (b) to pay or reimburse Lender and the Administrative Agent for all its reasonable costs and expenses including, without limitation, the reasonable fees

and disbursements of counsel to the Administrative Agent and to Lender and the reasonable fees and disbursements

56

of technical and other consultants to the Administrative Agent, incurred in connection with (i) the enforcement or preservation of any rights under this Agreement, the Mortgage, the Note and the other Credit Facility Documents and any such other documents, (ii) any Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring or "work-out" (whether or not consummated) of the obligations of Borrower hereunder and (iii) the enforcement of this SECTION 11.03, (c) to pay, indemnify and hold Lender and the Administrative Agent harmless from any and all recording and filing fees which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of this Agreement, the Note and the other Credit Facility Documents and any such other documents and (d) to pay all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement, the Mortgage, the Note or the other Credit Facility Documents, or any related documents.

Borrower hereby agrees (i) to indemnify the Administrative Agent and each Lender and each of their respective directors, officers, employees, attorneys and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them (including, without limitation, any and all losses, liabilities, claims, damages or expenses incurred by the Administrative Agent and Lender, whether or not the Administrative Agent or Lender, as the case may be, is a party thereto) arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to the Loan hereunder or any actual or proposed use by Borrower of the proceeds of any of the extensions of credit hereunder, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified), and (ii) not to assert any claim against the Administrative Agent or Lender, any of their respective Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive (as opposed to actual) damages arising out of or otherwise relating to any of the transactions contemplated herein.

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

SECTION 11.04 AMENDMENTS. Neither this Agreement, any Note or any other Credit Facility Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this SECTION 11.04. Lender may, the Administrative Agent may, from time to time,

57

(i) enter into with Borrower written amendments, supplements or modifications hereto and to the Note and the other Credit Facility Documents for the purpose of adding any provisions to this Agreement, the Note or the other Credit Facility Documents or changing in any manner the rights of Lender or of Borrower, hereunder or thereunder, or (ii) waive, on such terms and conditions as Lender or the Administrative Agent, as the case may be, may specify, in such instrument, any of the requirements of this Agreement, the Note or the other Credit Facility Documents or any Default or Event of Default and its consequences; PROVIDED, HOWEVER, that no such waiver and no such amendment, supplement or modification shall:

(a) reduce the amount or extend the scheduled date of maturity of the Note or of any installment thereof, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof, in each case without the consent of Lender directly affected thereby;

(b) (i) amend, modify or waive (A) any provision of this SECTION 11.04 or (B) any provision of SECTION 2.06; or (ii) consent to the assignment or transfer by Borrower of any of its rights and obligations under this Agreement and the other Credit Facility Documents; in each case without the written consent of Lender; or

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

Any such waiver and any such amendment, supplement or modification shall apply equally to Lender and shall be binding upon Borrower, Lender, the Administrative

Agent and all future holders of the Note. In the case of any waiver, Borrower, Lender and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Note and any other Credit Facility Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

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

SECTION 11.05 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of Borrower, Lender, the Administrative Agent, all future holders of the Note and their respective successors and permitted assigns.

SECTION 11.06 ASSIGNMENTS AND PARTICIPATIONS.

58

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

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

59

the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred. Each Participant will agree to keep information confidential to the same extent as the transferor Lender was so required.

(c) Lender may, in the ordinary course of its business and in accordance with applicable law, at any time and from time to time assign to any of its Affiliates or to any Lender or any Affiliate thereof or to any bona fide financial institution (an "ASSIGNEE") all or any part of its rights and obligations under this Agreement the Note and the other Credit Facility

Documents pursuant to an Assignment and Acceptance, substantially in the form of EXHIBIT D, executed by such Assignee, such assigning Lender and, in the case of an Assignee that is not then a Lender or an Affiliate thereof, by the Administrative Agent and delivered to the Administrative Agent for its acceptance and recording in the Register; PROVIDED, HOWEVER, that, except (i) in the case of an assignment to another Lender, or (ii) with the consent of Borrower, each such assignment shall be in an amount equal to not less than \$5,000,000; PROVIDED, FURTHER, that prior to any such assignment by Lender to any Assignee, Lender shall provide written notice to Borrower of Lender's intention to make an assignment to such Assignee and the name of such Assignee. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (A) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (B) the assigning Lender hereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be party hereto). Notwithstanding anything to the contrary contained herein, an Assignee shall be entitled to the benefits of SECTIONS 5.01 and 5.05 only if it shall have complied with the requirements of said Sections (and also complied with the requirements of SECTION 5.07.

(d) The Administrative Agent shall maintain at its address referred to in SECTION 11 .02 a copy of each Assignment and Acceptance delivered to it and a register (the "REGISTER") for the recordation of the names and addresses of Lender and the commitment of, and principal amount of the Loan owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Borrower, the Administrative Agent and Lender may treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an Assignee (and, if required under SECTION 11 .06(C), by

60

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

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

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

SECTION 11.07 ADJUSTMENTS. If any Lender (a "BENEFITTED LENDER") shall at any time receive any payment of all or part of its Loan, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, through the exercise of a right of bank's lien, setoff or



counterclaim against Borrower, pursuant to events or proceedings of the nature referred to in ARTICLE IX(H), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loan, or interest thereon, such Benefited Lender shall purchase at par for cash from the other

61

Lenders a participating interest in such portion of each other Lender's Loan, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of Lender: PROVIDED, HOWEVER, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

SECTION 11.08 SURVIVAL. The obligations of Borrower under Sections 5.01, 5.04, 5.05 and 11.03 shall survive the repayment of the Loan. In addition, each representation and warranty made, or deemed to be made by a notice of the Loan hereunder, in the other Credit Facility Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the making of such representation and warranty, and Lender shall not be deemed to have waived, by reason of making the Loan, any Default which may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that Lender may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such Loan was made.

SECTION 11.09 CAPTIONS. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

SECTION 11.10 COUNTERPARTS. This Agreement maybe executed by one or more of the parties to this Agreement with counterpart signature pages or in any number of separate counterparts, all of which taken together shall constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with Borrower and the Administrative Agent.

SECTION 11.11 SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.12. INTEGRATION. This Agreement and the other Credit Facility Documents represent the agreement of Borrower, the Administrative Agent and Lender with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Credit Facility Documents.

62

SECTION 11.13 GOVERNING LAW. THIS AGREEMENT AND THE NOTE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 11.14 SUBMISSION TO JURISDICTION. Borrower hereby irrevocably and unconditionally:

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

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

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Borrower at its

address set forth in SECTION 11.02 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

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

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

SECTION 11.15 ACKNOWLEDGMENTS. Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement, the Note and the other Credit Facility Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to Borrower arising out of or in connection with

63

this Agreement or any of the other Credit Facility Documents, and the relationship between Administrative Agent and Lenders, on the one hand, and Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

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

SECTION 11.16 WAIVER OF JURY TRIAL. BORROWER, THE ADMINISTRATIVE AGENT AND LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTE, THE CREDIT FACILITY DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREIN, AND FOR ANY COUNTERCLAIM THEREIN.

64

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

BORROWER:

CALI REALTY, L.P.

By: Cali Realty Corporation, its sole general partner

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

BRIDGE PLAZA REALTY ASSOCIATES L.P.

By: Cali Sub IX, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

C.W. ASSOCIATES

By: Cali Sub II, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

CHESTNUT RIDGE ASSOCIATES

By: Cali Sub III, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

500 COLUMBIA TURNPIKE ASSOCIATES

By: Cali Sub I, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

GROVE STREET ASSOCIATES OF JERSEY CITY LIMITED  
PARTNERSHIP

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

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

JUMPING BROOK REALTY ASSOCIATES L.P.

By: Cali Sub VII, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

OFFICE ASSOCIATES, LTD.

By: Cali Sub III, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

ROSELAND II LIMITED PARTNERSHIP

By: Cali Sub III, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

SIX COMMERCE DRIVE ASSOCIATES

By: Cali Sub I, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

300 TICE REALTY ASSOCIATES, L.P.

By: Cali Sub IX, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

20 COMMERCE DRIVE ASSOCIATES

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

By:

-----  
Name: Barry Lefkowitz  
Title: Vice President

ADMINISTRATIVE AGENT:

PRUDENTIAL SECURITIES CREDIT CORPORATION

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

LENDER:

PRUDENTIAL SECURITIES CREDIT CORPORATION

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

EXHIBIT A

ASSUMPTION AGREEMENT

This ASSUMPTION AGREEMENT (this "Agreement") dated as of December \_\_, 1997, is made by MACK-CALI REALTY, L.P., a Delaware limited partnership ("Mack-Cali"), pursuant to the Credit Agreement dated as of December \_\_ 1997 (the "Credit Agreement"), among Cali Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), the Parties listed on Schedule I thereto (the "Property Partnership" and collectively with the Operating Partnership, the "Borrower") the several lenders from time to time parties thereto ("Lender") and Prudential Securities Credit Corporation ("PSC"), as Administrative Agent for Lender. Terms defined in the Credit Agreement and not otherwise defined herein are used herein with the meanings so defined.

WITNESSETH:

WHEREAS, Cali Realty Corporation ("Cali"), a Maryland corporation, the sole general partner of the Operating Partnership, has combined with The Mack Company, a New Jersey based company ("Mack") and Patriot American Office Group, a Texas based company ("Patriot" and together with Mack, the "Mack Combination")

pursuant to a contribution and exchange agreement dated as of September 18, 1997 (the "Merger Agreement") as amended, among Cali, the Operating Partnership and the Mack Combination, whereby Cali has become Mack-Cali Corporation (the "Company") and the Operating Partnership has become Mack-Cali Realty, L.P. (the "Merger"); and

WHEREAS, pursuant to the Credit Agreement Lender has made a commitments to make a Loan to Borrower, subject to the terms and conditions set forth therein;

NOW THEREFORE, in consideration of the foregoing premises, and in order to induce Lender to make the Loan pursuant to the Credit Agreement, the parties hereto agree as follows:

SECTION 1. ASSUMPTION OF OBLIGATIONS. (a) Mack-Cali hereby assumes, as its direct and primary obligation, all Obligations of Borrower under the Credit Agreement on the Merger Consummation Date. Mack-Cali also assumes, from and after the date hereof, the punctual performance and observance of all of the covenants and conditions of the Credit Agreement to be performed or observed by Borrower thereunder (including, without limitation, the payment of all fees), and to be bound in all respects by the terms of the Credit Agreement, including without limitation, Section 11.06 thereto, as of Mack-Cali were a signatory party thereto.

(b) Mack-Cali hereby represents and warrants that all representations and warranties set forth in the Credit Agreement applicable to Mack-Cali will be true and correct and complete upon consummation of the Merger. Mack-Cali further covenants that, upon consummation of the Merger, it will be in compliance with all agreements, affirmative covenants and negative covenants applicable to Mack-Cali contained in the Credit Agreement.

SECTION 2. MISCELLANEOUS. (a) Except as herein set forth, the Credit Agreement is in all respects ratified and confirmed and shall remain in full force and effect.

(b) The address to which notices to Mack-Cali under the Credit Agreement should be directed is:

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

Mack-Cali Realty, L.P.  
11 Commerce Drive  
Cranford, New Jersey 07016  
Attention: Roger Thomas  
Telecopy: (908) 272-6755

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

(c) THE CREDIT AGREEMENT AND THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(d) This Agreement shall become effective on the Merger Consummation Date.

2

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed as of the day and year first above written.

MACK-CALI REALTY, L.P.  
By: Mack-Cali Realty Corporation, its sole  
General Partner

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

Title:

Receipt of the foregoing Assumption Agreement is hereby acknowledged on and as of the date set forth above.

PRUDENTIAL SECURITIES CREDIT  
CORPORATION

By:

-----

Name:

Title:

PROMISSORY NOTE

-----

\$200,000,000.00

New York, New York  
as of December \_\_, 1997

FOR VALUED RECEIVED, the undersigned, (collectively, the "BORROWER"), DOES HEREBY PROMISE TO PAY to the order of PRUDENTIAL SECURITIES CREDIT CORPORATION, a Delaware corporation (the "Lender"), at the office of Prudential Securities Credit Corporation at One New York Plaza, New York, New York 10292 in lawful money of the United States of America in immediately available funds, the principal amount of TWO HUNDRED MILLION AND NO/100 DOLLARS (\$200,000,000.00), or the aggregate unpaid principal amount of all Loans (as defined in the Credit Agreement) made by the Lender to the maker hereof pursuant to the Credit Agreement referred to below, whichever is less, on such date or dates as is required by the Credit Agreement, and to pay interest on the unpaid principal amount from time to time outstanding hereunder, in like money, at such office, as set forth in Section 3.02 of the Credit Agreement.

The Borrower and any and all sureties, guarantors and endorsers of this Note and all other parties now or hereafter liable hereon severally waive grace, demand, presentment for payment, protest, notice of intention to accelerate or notice of acceleration,) and diligence in collecting and bringing suit against any party hereto and agree to the extent permitted by applicable law (a) to all extensions and partial payments, with or without notice, before or after maturity, (b) to any substitution, exchange or release of any security now or hereafter given for this Note, (c) to the release of any party primarily or secondarily liable hereon, and (d) that it will not be necessary for any holder of this Note, in order to enforce payment of this Note, to first institute or exhaust such holder's remedies against the Borrower or any other party liable therefor or against any security for this Note. The non-exercise by the holder of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Note is the Note referred to in the Credit Agreement, dated December \_\_, 1997, among Cali Realty, L.P., as Operating Partnership, the Parties listed on Schedule I attached thereto, as a Property Partnership and collectively with the Operating Partnership, as Borrower, the lenders from time to time parties thereto, as Lender and Prudential Securities Credit Corporation, as Administrative Agent, as the same may be amended from time to time, and is entitled to the benefits of and is secured by the security interests granted in the Credit Agreement and Credit Facility Documents and the other security documents referred to and described therein, which among other things contain provisions for optional and mandatory prepayment, and for acceleration of the maturity hereof upon the occurrence of certain events, all as provided in the Credit Agreement.

Capitalized terms used and not defined in this Note shall have the meanings assigned thereto under the Credit Agreement.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

BORROWER

CALI REALTY, L.P.

By: Cali Realty Corporation, its sole  
general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

BRIDGE PLAZA REALTY ASSOCIATES L.P.

By: Cali Sub IX, Inc., its general partner

By:

-----  
Name: Barry Lefkowitz

Title: Vice President

C.W. ASSOCIATES

By: Cali Sub II, Inc., its general partner

By: -----  
Name: Barry Lefkowitz  
Title: Vice President

CHESTNUT RIDGE ASSOCIATES

By: Cali Sub III, Inc., its general partner

By: -----  
Name: Barry Lefkowitz  
Title: Vice President

500 COLUMBIA TURNPIKE ASSOCIATES

By: Cali Sub I, Inc., its general partner

By: -----  
Name: Barry Lefkowitz  
Title: Vice President

GROVE STREET ASSOCIATES OF JERSEY CITY  
LIMITED PARTNERSHIP

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

By: -----  
Name: Barry Lefkowitz  
Title: Vice President

JUMPING BROOK REALTY ASSOCIATES L.P.

By: Cali Sub VII, Inc., its general partner

By: -----  
Name: Barry Lefkowitz  
Title: Vice President

OFFICE ASSOCIATES, LTD.

By: Cali Sub III, Inc., its general partner

By: -----  
Name: Barry Lefkowitz  
Title: Vice President

ROSELAND II LIMITED PARTNERSHIP





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

THE PARTIES LISTED ON SCHEDULE I HERETO  
collectively, as Mortgagor

in favor of

PRUDENTIAL SECURITIES CREDIT CORPORATION,  
as Administrative Agent for the Lenders,  
as Mortgagee

MORTGAGE, SECURITY AGREEMENT  
AND ASSIGNMENT OF LEASES AND RENTS

Dated as of December 10, 1997

RECORD AND RETURN TO:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP  
919 Third Avenue  
New York, New York 10022  
Attention: David L. Nagler, Esq.

TABLE OF CONTENTS

	PAGE
1. PAYMENT OF INDEBTEDNESS AND INCORPORATION OF COVENANTS, CONDITIONS AND AGREEMENTS. . . . .	.3
2. WARRANTY OF TITLE . . . . .	.4
3. INSURANCE REQUIREMENTS. . . . .	.4
4. CASUALTY LOSS . . . . .	.4
5. PAYMENT OF TAXES AND OTHER CHARGES. . . . .	.4
6. ESCROWED FUNDS . . . . .	.5
7. CONDEMNATION. . . . .	.5
8. LEASES AND RENTS. . . . .	.6
9. MAINTENANCE, USE AND MANAGEMENT OF MORTGAGED PROPERTY . . . . .	.6
10.SALE OF MORTGAGED PROPERTY. . . . .	.7
11.NO OTHER ENCUMBRANCES PERMITTED . . . . .	.7
12.[Intentionally Deleted] . . . . .	.7
13.[Intentionally Deleted] . . . . .	.7
14.[Intentionally Deleted] . . . . .	.7
15.PERFORMANCE OF OTHER AGREEMENTS . . . . .	.7
16.FURTHER ACTS, ETC.. . . . .	.8
17.RECORDING OF MORTGAGE, ETC. . . . .	.8
18.[Intentionally Deleted] . . . . .	.8
19.EVENTS OF DEFAULT . . . . .	.8
20. [Intentionally Deleted] . . . . .	.9
21. RIGHT TO CURE DEFAULTS. . . . .	.9
22. NON-DISTURBANCE OF TENANTS. . . . .	10

23.	MORTGAGEE'S REMEDIES . . . . .	10
24.	APPLICATION OF PROCEEDS . . . . .	14
25.	CHANGES IN THE LAWS REGARDING TAXATION. . . . .	14
26.	NO CREDITS ON ACCOUNT OF THE INDEBTEDNESS . . . . .	14
27.	DOCUMENTARY STAMPS. . . . .	15
28.	BLANKET LIEN. . . . .	15
29.	RIGHT OF ENTRY. . . . .	15
30.	REASONABLE USE AND OCCUPANCY. . . . .	15
31.	SECURITY AGREEMENT. . . . .	15
32.	ACTIONS AND PROCEEDINGS . . . . .	16
33.	WAIVER OF COUNTERCLAIM. . . . .	16
34.	RECOVERY OF SUMS REQUIRED TO BE PAID. . . . .	16
35.	MARSHALLING AND OTHER MATTERS . . . . .	16
36.	[Intentionally Deleted] . . . . .	16
37.	ACCESS LAWS . . . . .	16
38.	INDEMNIFICATION . . . . .	17
39.	NOTICE. . . . .	18
40.	AUTHORITY.. . . .	18
41.	WAIVER OF NOTICE. . . . .	19

ii

42.	REMEDIES OF MORTGAGOR . . . . .	19
43.	SOLE DISCRETION OF MORTGAGEE. . . . .	19
44.	NONWAIVER . . . . .	19
45.	NO ORAL CHANGE. . . . .	20
46.	LIABILITY . . . . .	20
47.	INAPPLICABLE PROVISIONS . . . . .	20
48.	HEADINGS, ETC.. . . .	20
49.	DUPLICATE ORIGINALS . . . . .	20
50.	DEFINITIONS . . . . .	20
51.	HOMESTEAD . . . . .	20
52.	ASSIGNMENTS . . . . .	20
53.	INTEGRATION . . . . .	21
54.	APPLICABLE LAW; JURISDICTION. . . . .	21

iii

THIS MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS (the "MORTGAGE") is made as of the 8th day of December, 1997, by the Parties listed on Schedule I attached hereto and made a part hereof, as mortgagor, (each a "MORTGAGOR," and collectively, "MORTGAGOR"), each having its principal place of business at 11 Commerce Drive, Cranford, New Jersey 07016 in favor of Prudential Securities Credit Corporation, a Delaware corporation, having its principal place of business at One New York Plaza, New York, New York 10292, as

administrative agent for the benefit of the lenders named in the Credit Agreement (as hereinafter defined) ("MORTGAGEE").

W I T N E S S E T H:

WHEREAS, Mack-Cali Realty, L.P. ("MACK-CALI") each constituent Mortgagor, Mortgagee and the lenders named therein have entered into a credit agreement (the "CREDIT AGREEMENT"), dated as of the date hereof, whereby the lenders agreed to lend Mortgagor an aggregate principal amount of TWO HUNDRED MILLION (\$200,000,000) DOLLARS, pursuant to and subject to the terms and conditions set forth therein;

WHEREAS, Mack-Cali and its affiliates beneficially own 100% of each Mortgagor;

WHEREAS, each constituent Mortgagor is obtaining a material benefit from the loan secured by this Mortgage (the "LOAN");

WHEREAS, the lenders would not have made the Loan unless each constituent Mortgagor entered into this Mortgage; and

WHEREAS, to secure Mortgagors' joint and several obligation (with Mack-Cali) to repay the Indebtedness (as hereinafter defined) each constituent Mortgagor has agreed, for the benefit of the Mortgagee, to provide Mortgagee a first mortgage lien on the Mortgaged Property (as hereinafter defined) owned by such constituent Mortgagor and an assignment of all leases and rents with respect to such Mortgaged Property.

NOW THEREFORE, To secure the payment of an indebtedness in the principal sum of TWO HUNDRED MILLION (\$200,000,000) DOLLARS, lawful money of the United States of America, to be paid with interest according to a one or more contemporaneously executed Promissory Notes made by each constituent Mortgagor (and Mack-Cali) to the order of each of the lenders (said Promissory Notes, together with all extensions, renewals or modifications thereof, is referred to as the "NOTE", and said indebtedness, interest and all other sums due hereunder, and under the Note, the Credit Agreement, and the other Credit Facility Documents (as hereinafter defined) including applicable attorney fees and costs, is collectively referred to as the "INDEBTEDNESS"), Mortgagor hereby irrevocably mortgages, grants, conveys and creates a lien and security interest in, and sets over to Mortgagee, its successors and assigns, with the right to entry and possession, all of its estate, right, title and interest in, to, and under any and all of the

following described property (collectively, the "MORTGAGED PROPERTY") , whether now owned or held or hereafter acquired:

(a) The eleven parcels of real property described in EXHIBITS A attached hereto (the "PREMISES") and the buildings, structures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located thereon (the "IMPROVEMENTS");

(b) all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Premises and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Premises and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(c) all machinery, equipment, fixtures (including but not limited to all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) , building equipment, materials and supplies, and other property of every kind and nature, whether tangible or intangible, owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Premises and the improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Premises and the Improvements (hereinafter collectively called the "EQUIPMENT") , including the proceeds of any sale or transfer of the foregoing, and, without limiting the generality of the foregoing, if any such Equipment is subject to any prior security interest or prior security agreement (as such terms are defined in the Uniform Commercial Code, as adopted and enacted in the State or States in which any of the Mortgaged Property is located), then the Mortgaged Property shall include all of the right, title and interest of Mortgagor in and to any such Equipment, together with all deposits and payments now or hereafter made by Mortgagor with respect to such Equipment;

(d) all awards, payments or compensation, including interest thereon, heretofore or hereafter made with respect to the Mortgaged Property for any injury or decrease in the value of the Mortgaged Property related to any exercise of the right of eminent domain or condemnation (including without limitation, any transfer made in lieu of or in anticipation of the exercise of said rights or for a change of grade);

(e) all leases, reciprocal easement agreements, and other agreements and arrangements affecting the use, enjoyment or occupancy of, or the conduct of any activity upon or at the Premises and the Improvements heretofore or hereafter entered into (the "LEASES") , all income, rents (including, without limitation, all percentage rents), issues, profits and revenues (including all oil and gas or other mineral royalties and bonuses) from the Mortgaged Property (the "RENTS")

2

and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Indebtedness;

(f) all proceeds of, and any unearned premiums on, any insurance policies covering the Mortgaged Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property; and

(g) the right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property;

TO HAVE AND TO HOLD the Mortgaged Property unto and to the use and benefit of Mortgagee, and the successors and assigns of Mortgagee, forever to secure the payment to Mortgagee of the Indebtedness at the time and in the manner provided for its payment in the Note, in this Mortgage or in the other Credit Facility Documents;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Mortgagor (and/or Mack-Cali) shall pay to Mortgagee the Indebtedness at the time and in the manner provided in the Note, in this Mortgage or in the other Credit Facility Documents, and shall abide by and comply with each and every covenant and condition set forth herein and in the Note in a timely manner, these presents and the estate hereby granted shall cease, terminate and be void, and Mortgagee shall execute and deliver to Mortgagor a satisfaction or discharge of this Mortgage, in recordable form.

Mortgagor hereby represents and warrants to and covenants and agrees with Mortgagee as follows:

1. PAYMENT OF INDEBTEDNESS AND INCORPORATION OF COVENANTS, CONDITIONS AND AGREEMENTS. The Indebtedness is a joint and several obligation of each Mortgagor (and Mack-Cali) and each Mortgagor covenants to pay the Indebtedness at the time and in the manner provided in the Note, the Credit Agreement, this Mortgage and the documents evidencing or securing the Indebtedness (collectively, the "CREDIT FACILITY DOCUMENTS"). Each Mortgagor hereunder acknowledges and agrees that the Mortgage on each Property secures repayment of the entire Indebtedness. All the covenants, conditions and agreements contained in: (a) the Note; and (b) the other Credit Facility Documents (other than the Note or this Mortgage) now or hereafter executed by Mortgagor and/or others in favor of Mortgagee, which wholly or partially secure or guaranty payment of the Note, provide for any indemnity in favor of or payment to Mortgagee related to the Indebtedness, the Note or the Mortgaged Property, provide for any escrow/holdback arrangements or for any actions to be completed by Mortgagor subsequent to the date hereof, or are otherwise related to the Loan; are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein.

3

2. WARRANTY OF TITLE. Each constituent Mortgagor warrants that it has good title to the applicable Mortgaged Property and has the right to deed, mortgage, give, grant a security interest in, bargain, sell, alien, enfeoff, convey, confirm, pledge, assign and hypothecate the same and that Mortgagor possesses an unencumbered fee estate in the Premises and the Improvements and that they own the Mortgaged Property free and clear of all liens, encumbrances and charges whatsoever, except for those liens and encumbrances shown in the title insurance policies listed in SCHEDULE II (the "TITLE POLICIES"), attached hereto and made a part hereof, and such other encumbrances which have arisen in the ordinary course of business since the date of such policies, provided that each constituent Mortgagor represents and warrants that no mortgages, assignments of leases and rents or other financing liens encumber any of the Mortgaged Properties and each constituent Mortgagor covenants and agrees to keep

each Mortgaged Property free from such liens (other than the lien of this Mortgage and the other Credit Facility Documents), during the term of this Loan. Each constituent Mortgagor represents and warrants that any encumbrances which are not listed in the Title Policies do not impact any of the Mortgaged Properties in a materially adverse manner. Mortgagor shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Mortgage to Mortgagee against the claims of all persons whomsoever.

3. INSURANCE REQUIREMENTS. Mortgagor, at its sole cost and expense, will keep the Mortgaged Property insured during the entire term of this Mortgage for the mutual benefit of Mortgagor and Mortgagee in accordance with the terms of Section 8.06 of the Credit Agreement.

4. CASUALTY LOSS. If any of the Mortgaged Property is damaged or destroyed, in whole or in part, by fire or other casualty (a "CASUALTY"), Mortgagor shall give prompt notice thereof to Mortgagee. Mortgagor hereby authorizes and empowers Mortgagee to settle, adjust or compromise any claims for any insurance proceeds arising from any Casualty (the "INSURANCE PROCEEDS"), to receive such Insurance Proceeds and to retain and apply such Insurance Proceeds as set forth herein. If no Event of Default (hereinafter defined), or event which with the giving of notice or passage of time, or both, would give rise to an Event of Default, has occurred as of the date of the Casualty, then:

(i) If the aggregate amount of any Insurance Proceeds resulting from a Casualty (or series of related Casualties) is equal to \$1,000,000 or less, and no Event of Default shall have occurred and be continuing, such Insurance Proceeds shall be paid directly to Mortgagor and may be used by Mortgagor for any lawful purpose; and

(ii) If the aggregate amount of any Insurance Proceeds resulting from a Casualty (or series of related Casualties) exceeds \$1,000,000, then all Insurance Proceeds from such Casualty shall be applied, at Mortgagor's election, either (A) to the prompt repair and replacement of the Mortgaged Property that is the subject of such Casualty or (B), after deduction for Mortgagee's costs and expenses of collection, if any, to the repayment of the Indebtedness (whether or not then due and payable), and shall be paid over directly to Mortgagee.

4

5. PAYMENT OF TAXES AND OTHER CHARGES.

(a) Mortgagor shall pay or cause to be paid and discharged all taxes, assessments, water rates and sewer rents now or hereafter levied or assessed or imposed against the mortgaged Property or any part thereof (collectively, the "TAXES"), and all ground rents, utility charges, maintenance charges, other governmental impositions, and all other liens or charges whatsoever which may be or become a lien or charge against the Mortgaged Property (including without limitation, mechanics and materialmen's liens, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises), now or hereafter related to, or levied, assessed or imposed against, the Mortgaged Property or any part thereof (collectively, the "OTHER CHARGES") as the same become due and payable. Mortgagor will deliver to Mortgagee, promptly upon Mortgagee's request, evidence satisfactory to Mortgagee that the Taxes and Other Charges have been paid prior to the same becoming delinquent.

(b) After prior written notice to Mortgagee, Mortgagor, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Taxes or Other Charges, provided that: (i) no Event of Default has occurred and shall be continuing; (ii) Mortgagor is permitted to do so under the provisions of any mortgage, deed of trust, ground lease, or other instrument which creates a superior or junior lien to this Mortgage (it being understood that no such superior or junior liens will be permitted unless specifically allowed, in writing, by Mortgagee); (iii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Mortgagor is subject and shall not constitute a default thereunder; (iv) neither the Mortgaged Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (v) Mortgagor shall have set aside adequate reserves (which Mortgagee may at its option require to be placed in escrow with Mortgagee) for the payment of the Taxes or Other Charges, together with all interest and penalties; and (vi) Mortgagor shall have furnished such security as may be required in the proceeding, or as may be requested by Mortgagee to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon.

6. ESCROWED FUNDS. [Intentionally Deleted]

7. CONDEMNATION. Mortgagor shall promptly give Mortgagee written notice of the actual or threatened commencement of any exercise of a right of condemnation or eminent domain affecting all or any part of the Mortgaged Property (each such event being hereinafter referred to as a "CONDEMNATION"), and shall deliver to Mortgagee copies of any and all papers served in connection

with any such Condemnation. Notwithstanding any taking (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking) of all or any part of the Mortgaged property through a Condemnation, Mortgagor shall continue to pay the Indebtedness at the time and in the manner provided for its payment in the Note, this Mortgage and the other Credit Facility Documents, and the Indebtedness shall not be reduced

5

until any award or payment therefor shall have been actually received and applied by Mortgagee (after deducting any expenses of collection) to the Indebtedness. Mortgagee shall not be limited to the rate of interest paid on any such award or payment from a Condemnation but shall be entitled to receive out of such award or payment interest at the rate then applicable under the Note. Mortgagor shall cause any award or payment payable to Mortgagor in any Condemnation to be paid directly to Mortgagee. If the proceeds from any Condemnation (or series of related Condemnations) are less than \$1,000,000, then if no Event of Default shall have occurred and be continuing, such proceeds shall be paid to Mortgagor and may be used by Mortgagor for any lawful purpose. If the proceeds from any Condemnation (or series of related Condemnations) are in excess of \$1,000,000, either (A) Mortgagor shall apply such proceeds towards an improvement of the property which is the subject of the Condemnation, in a manner reasonably acceptable to Mortgagee and shall reasonably document such improvements to Mortgagee, or, (B) if Mortgagor chooses not to apply such proceeds towards improvement of the Mortgaged Property which is the subject of the Condemnation, Mortgagee shall apply any such award or payment (after deducting any expenses of collection) to the reduction or discharge of the Indebtedness (whether or not then due and payable). If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of any such award or payment, Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive said award or payment, or a portion thereof sufficient to fully satisfy the Indebtedness.

8. LEASES AND RENTS. Mortgagor does hereby absolutely and unconditionally assign to Mortgagee all current and future Leases and Rents, it being intended by Mortgagor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. The terms and conditions of this assignment shall be governed by the Assignment of Leases and Rents (the "ASSIGNMENT OF LEASES") executed by Mortgagor in favor of Mortgagee contemporaneously with this Mortgage. Except as permitted pursuant to the Assignment of Leases, Mortgagor shall not enter into any future Leases of all or any part of the Mortgaged Property.

9. MAINTENANCE, USE AND MANAGEMENT OF MORTGAGED PROPERTY.

(a) Mortgagor shall cause the Mortgaged Property to be maintained in a good and safe condition and repair. The Improvements and the Equipment shall not be removed, demolished or materially altered (except for normal replacement of the Equipment) without the consent of Mortgagee, not to be unreasonably withheld. Mortgagor shall promptly comply with all laws, orders and ordinances affecting the Mortgaged Property, or the use thereof, except that Mortgagor shall be permitted to contest any change or proposed change thereto under the same terms and conditions as permitted in paragraph 5(b), above. Mortgagor shall promptly repair, replace or rebuild any part of the Mortgaged Property which may be destroyed by any Casualty, become damaged, worn or dilapidated or which may be affected by any Condemnation, and shall also complete and pay for any structure at any time in the process of construction or repair on the Premises. Unless Mortgagee otherwise consents in writing, Mortgagor shall not initiate, join in,

6

acquiesce in or consent to any change in any private restrictive covenant, replat, easement, zoning law or other public or private restriction, limiting or defining the uses which may be made of the Mortgaged Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Mortgaged Property is or shall become a nonconforming use, Mortgagor will not cause or permit such nonconforming use to be discontinued or abandoned without the express written consent of Mortgagee.

(b) Mortgagor shall use and continuously operate and permit the use and continuous operation of the Premises and the Improvements as provided for in Mortgagor's original loan application to Mortgagee.

(c) Unless Mortgagee otherwise consents in writing, Mortgagor shall not initiate, join in, acquiesce in or consent to the removal or resignation of the managing agent for the Mortgaged Property or the transfer of ownership, management or control of such managing agent to a person or entity other than Mortgagor or the general partner or managing partner of Mortgagor.

10. SALE OF MORTGAGED PROPERTY.



(a) Mortgagor acknowledges that Mortgagee has examined and relied on the creditworthiness and experience of the constituent Mortgagors in agreeing to make the loan secured hereby, and that Mortgagee has a valid interest in maintaining the value of the Mortgaged Property so as to ensure that should Mortgagor default in the repayment of the Indebtedness, Mortgagee can recover the Indebtedness by a sale of the Mortgaged Property.

(b) Mortgagor may not transfer the Mortgaged Property except as may be permitted pursuant to the Credit Agreement.

11. NO OTHER ENCUMBRANCES PERMITTED. Except for financing liens placed against the Mortgagor's inventory in the normal course of business, Mortgagor shall not, directly or indirectly, mortgage, pledge, hypothecate, encumber, assign or otherwise place a lien or security interest against the Mortgaged Property without in each instance obtaining the prior written consent of Mortgagee, which consent may be given or withheld by Mortgagee in each instance in its sole discretion. If Mortgagee does consent to any additional mortgages or liens, it may require the modification of this Mortgage, payment of an administrative fee in an amount determined by Mortgagee and such other conditions as Mortgagee shall determine in its sole discretion. Mortgagee shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Indebtedness immediately due and payable upon such encumbrance. This provision shall apply to every sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property regardless of whether voluntary or not, or whether or not Mortgagee has consented to any previous sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property.

7

12. [Intentionally Deleted]

13. [Intentionally Deleted]

14. [Intentionally Deleted]

15. PERFORMANCE OF OTHER AGREEMENTS. Mortgagor shall observe and perform each and every term to be observed or performed by Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

16. FURTHER ACTS, ETC. Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as Mortgagee shall, from time to time, require for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby mortgaged, given, granted, bargained, sold, alienated, enfeoffed, conveyed, confirmed, pledged, assigned and hypothecated or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intent of or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage. Mortgagor, on demand, will execute and deliver and hereby authorizes Mortgagee to execute in the name of Mortgagor or without the signature of Mortgagor to the extent Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or other instruments, to evidence or perfect more effectively the security interest of Mortgagee in the Mortgaged Property. Mortgagor grants to Mortgagee an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Mortgagee under the Note, this Mortgage, the other Credit Facility Documents, at law or in equity, including without limitation the rights and remedies described in this paragraph.

17. RECORDING OF MORTGAGE, ETC. Upon the execution and delivery of this Mortgage and thereafter, from time to time, Mortgagor shall cause this Mortgage, the Assignment of Leases and any other instrument creating or evidencing a lien or security interest in Mortgagee's favor upon the Mortgaged Property, and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and protect Mortgagee's interest in and lien or security interest upon the Mortgaged Property. Except where otherwise prohibited by law, Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment, and subsequent release or reconveyance of this Mortgage and the Note, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property, any instrument of further assurance and all federal, state, county and municipal, taxes, duties, imposts, assessments and charges arising out of or in connection with the same. Mortgagor shall hold harmless and indemnify Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

## 18. [Intentionally Deleted]

19. EVENTS OF DEFAULT. The Indebtedness shall become immediately due and payable at the option of Mortgagee, without notice or demand, upon the occurrence of any one or more of the followings events ("EVENTS OF DEFAULT"):

(a) any Event of Default (as defined in the Credit Agreement);

(b) if Mortgagor fails to make the full and punctual payment of Taxes or Other Charges as required hereby;

(c) if Mortgagor fails to keep the policies of insurance required under Section 8.06 of the Credit Agreement in full force and effect, or fails to promptly deliver copies thereof to Mortgagee upon request;

(d) if Mortgagor shall make an assignment for the benefit of creditors or if Mortgagor is not paying Indebtedness as and when the same become due;

(e) if a receiver, liquidator or trustee of Mortgagor shall be appointed or if Mortgagor is adjudicated bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Mortgagor or if any proceeding for the dissolution or liquidation of Mortgagor shall be instituted; however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Mortgagor, then upon the same not being discharged, stayed or dismissed within sixty (60) days;

(f) if Mortgagor shall be in default under any other deed of trust, mortgage or security agreement covering any part of the Mortgaged Property whether it be superior or junior in priority to this Mortgage (it not being implied by this clause that any such encumbrance will be permitted);

(g) if the Mortgaged Property becomes subject to any mechanic's, materialman's or other lien (other than a lien for local real estate taxes and assessments not then due and payable, or any lien being contested by Mortgagor pursuant to its rights hereunder) and such lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of sixty (60) calendar days;

(h) if Mortgagor fails to promptly and diligently cure any material violations of laws or ordinances affecting the Mortgaged Property; or

(i) if for more than thirty (30) days after written notice from Mortgagee, Mortgagor shall fail to perform any other term, covenant or condition of the Note, this Mortgage

or any of the other Credit Facility Documents; provided, however, that if such failure to perform is of a type which cannot be cured within such thirty (30) day period and Mortgagor diligently commences and prosecutes such cure, Mortgagee shall allow a reasonable additional time period (not to exceed sixty (60) additional days) to complete such cure.

## 20. [Intentionally Deleted]

21. RIGHT TO CURE DEFAULTS. Upon the occurrence of any Event of Default, or if Mortgagor fails to make any payment or to do any act as herein required, Mortgagee may do such acts or make such payments in Mortgagor's stead, in such manner and to the extent that Mortgagee may deem necessary to protect the security hereof. Any such acts or payments by Mortgagee shall be at Mortgagee's sole discretion, may be taken without notice to or demand on Mortgagor, and will not release Mortgagor from any obligation hereunder. Mortgagee is authorized to enter upon the Mortgaged Property for such purposes, or appear in, defend or bring any action or proceeding to protect its interest in the Mortgaged Property, to cause this Mortgage to be foreclosed or to collect the Indebtedness. All such costs and expenses (including attorney fees) incurred by Mortgagee in remedying any such Event of Default, in acting or making payments in Mortgagor's stead, or in appearing in, defending or bringing any of the foregoing actions or proceedings, shall bear interest at the Default Rate from the date incurred by Mortgagee until the date of payment to Mortgagee. All such costs and expenses incurred by Mortgagee together with interest thereon calculated at the above rate shall be deemed to constitute a portion of the Indebtedness and be secured by this Mortgage and the other Credit Facility Documents and shall be immediately due and payable upon demand by Mortgagee therefor.

22. NON-DISTURBANCE OF TENANTS. Provided a tenant of the Mortgaged Property is not in default under the terms of its Lease, Mortgagee agrees that in the event it acquires title to all or a portion of the Mortgaged Property by

reason of a foreclosure, the tenant's possession and occupancy of the Mortgaged Property and the tenant's rights and privileges under its Lease during the term thereof (including any renewal term) shall not be disturbed and Mortgagee shall recognize the Lease and tenant's rights thereunder.

### 23. MORTGAGEE'S REMEDIES.

Upon the occurrence and during the continuance of any Event of Default (beyond the expiration of applicable notice and cure periods), Mortgagee may take such actions against Mortgagor and/or against any Mortgaged Property or any portion thereof or with respect to all of the Mortgaged Property or any portion thereof as Mortgagee determines is necessary to protect and enforce its rights hereunder, without notice or demand except as set forth below. Any such actions taken by Mortgagee shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Mortgagee may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Mortgagee permitted by law, equity or con-

10

tract or as set forth herein or in the other Loan Documents. Such actions may include the following:

(a) ACCELERATION. Subject to and in accordance with any applicable provisions of the Credit Agreement, all or any portion of the unpaid principal balance of the Loan, together with all accrued and unpaid interest thereon, and all other unpaid Indebtedness, may be declared to be immediately due and payable.

(b) ENTRY. Mortgagee may enter into or upon any Mortgaged Property, personally or by its agents, nominees or attorneys, and may dispossess Mortgagor and its agents and servants therefrom, and thereupon Mortgagee may: (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every portion of any Mortgaged Property and conduct business thereon, in any case either in the name of Mortgagee or in such other name as Mortgagee shall in its reasonable discretion deem advisable; (ii) exercise all rights and powers of Mortgagor with respect to any Mortgaged Property whether in the name of Mortgagor or otherwise, including the right to enter into, cancel, enforce or modify Leases, obtain and evict tenants and demand, sue for, collect and receive all Rents with respect to any Mortgaged Property; and (iii) apply the receipts of all such Rents with respect to said Mortgaged Property to the payment of the Indebtedness in such order as Mortgagee shall determine in its sole discretion, after deducting therefrom all costs and expenses (including reasonable attorneys' fees and disbursements) incurred in connection with the aforesaid operations.

(c) FORECLOSURE. Mortgagee may institute proceedings for the complete or partial foreclosure of this Mortgage against all or any portion of the Mortgaged Property, in which case any Mortgaged Property or any portion thereof may be sold for cash or upon credit, as an entirety or in parcels or portions. Mortgagee may institute proceedings for the partial foreclosure of this Mortgage against all or any portion of the Mortgaged Property for the portion of the Indebtedness which is then due and payable, subject to the continuing lien of this Mortgage on the remainder of the Mortgaged Property for the balance of the Indebtedness not then due, and in the event of the foreclosure or other action by Mortgagee to enforce its remedies in connection with one (1) or more of the Mortgaged Properties or all or any portion of the Mortgaged Property, regardless of the Net Proceeds received in connection with such foreclosure sale (or other remedy), all Net Proceeds received shall be applied to repay the Indebtedness, the Indebtedness shall be reduced to the extent of such Net Proceeds and the remaining portion of the Indebtedness shall remain outstanding and secured by this Mortgage and the other Loan Documents, it being understood and agreed by Mortgagor that Mortgagor is liable for the repayment of the Indebtedness and that any "excess" foreclosure proceeds are part of the cross-collateralized and cross-defaulted security granted to Mortgagee pursuant to this Mortgage.

NET PROCEEDS: Shall mean (i) either (x) the purchase price (at foreclosure or otherwise) actually received by Mortgagee with respect to one or more Individual Properties as a result of the exercise by Mortgagee of its rights, powers, privileges and other remedies after the occurrence of an Event of Default, or (y) in the event

11

that Mortgagee (or Mortgagee's nominee) is the purchaser at foreclosure of all or a portion of the Mortgaged Property) by credit bid, then the purchase price received by Mortgagee (in either case, the "PURCHASE PRICE") shall be the amount actually received by Mortgagee upon its ultimate disposition of the applicable Mortgaged Property so acquired by credit bid, in either case less (ii) all costs and expenses, including, without limitation, all brokerage fees, if

applicable, appraisal fees, architect, engineer, environmental consultant and other professional fees and reasonable attorneys' fees and disbursements incurred by Mortgagee in connection with the exercise of such remedies and in connection with its efforts to dispose of the Mortgaged Property in question (including without limitation the cost to repair and restore the same in preparation for sale) and in connection with the ultimate disposition of the Mortgaged Property in question and all operating expenses of such Mortgaged Property; PROVIDED, HOWEVER, that such costs and expenses shall not be deducted from such Purchase Price to the extent such amounts previously have been added to the Indebtedness in accordance with the terms of this Mortgage or applicable law or otherwise paid by or on behalf of Mortgagor from sources other than foreclosure or sales proceeds. Nothing herein providing a credit for Net Proceeds against the Indebtedness in connection with a foreclosure of any Mortgaged Property shall be construed to prevent or delay the simultaneous or subsequent foreclosure of any other Mortgaged Property.

(d) SPECIFIC PERFORMANCE. Mortgagee, in its sole and absolute discretion, may institute any action, suit or proceeding at law or in equity for the specific performance of any covenant, condition or agreement contained herein or in the Credit Agreement or any other Loan Document, or in aid of the execution of any power granted hereunder or for the enforcement of any other appropriate legal or equitable remedy.

(e) ENFORCEMENT OF NOTES. Subject to and in accordance with any applicable provisions of the Notes and the Credit Agreement, Mortgagee may recover judgment on the Note (or any portion of the Indebtedness evidenced thereby), either before, during or after any proceedings for the foreclosure (or partial foreclosure) or enforcement of this Mortgage.

(f) APPOINTMENT OF RECEIVER. Mortgagee as a matter of right, without notice, may secure the appointment of a receiver, trustee or liquidator of any Mortgaged Property or any portion thereof, and Mortgagor hereby irrevocably consents and agrees to such appointment, without regard to the value of its Mortgaged Property or the adequacy of the security for the Indebtedness and without regard to the solvency of Mortgagor or any other Person liable for the payment of the Indebtedness, and such receiver or other official shall have all rights and powers permitted by applicable law and such other rights and powers as the court making such appointment may confer, but the appointment of such receiver or other official shall not impair or in any manner prejudice the rights of Mortgagee to receive the Rents with respect to any of the Mortgaged Property pursuant to this Mortgage.

12

(g) UCC REMEDIES. Mortgagee may exercise any or all of the remedies available to a secured party under the Uniform Commercial Code (as hereinafter defined).

(h) PARTIAL FORECLOSURE. In the event of the foreclosure of this Mortgage as it relates to all or any portion of an Mortgaged Property or Mortgaged Properties, or other transfer of title to or assignment of all or any portion of such Mortgaged Property or Mortgaged Properties in extinguishment of all or any portion of the Indebtedness, all right, title and interest of Mortgagor in and to all policies of insurance required by this Mortgage (to the extent same relate to such Mortgaged Property or Mortgaged Properties) and any insurance Proceeds (to the extent same relate to such Mortgaged Property or Mortgaged Properties) shall inure to the benefit of and pass to Mortgagee or any purchaser(s) or transferee(s) of such Mortgaged Property or Mortgaged Properties.

(i) EFFECT OF JUDGMENT. No recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon one (1) or more Mortgaged Properties or any portion thereof or upon any other property of Mortgagor shall adversely affect in any manner or to any extent the lien of this Mortgage upon the remaining Mortgaged Properties or any portion thereof, or any rights, powers or remedies of Mortgagee hereunder. Such lien, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(j) CONTINUING POWER OF SALE. The power of sale conferred upon Mortgagee in this Mortgage shall not be exhausted by any one or more sales as to any portion of the Mortgaged Property remaining unsold, but shall continue unimpaired until all of the Mortgaged Property is sold or all of the Indebtedness is paid in full.

(k) RIGHT TO PURCHASE. At any sale of any Mortgaged Property or any portion thereof pursuant to the provisions of this Mortgage, Mortgagee shall have the right to purchase such Mortgaged Property (or such portion thereof) being sold, and in such case shall have the right to credit against the amount of the bid made therefor (to the extent necessary) all or any portion of the amounts referred to in clauses (a) through (c) of Section 24.

(l) RIGHT TO TERMINATE PROCEEDINGS. Mortgagee may terminate or

rescind any proceeding or other action brought in connection with its exercise of the remedies provided herein at any time before the conclusion thereof, as determined in Mortgagee's sole discretion and without prejudice to Mortgagee.

(m) JOINT AND SEVERAL GRANTS OF MORTGAGED PROPERTY. It is intended that the grants of the Mortgaged Properties contained herein shall each be construed and treated as a separate, distinct grant for the purpose of securing the entire Indebtedness secured hereunder in the same manner as though each of the Mortgaged Property was mortgaged and transferred to Mortgagee by a separate and distinct mortgage and security agreement, so that if it should at any time appear or be held that this Mortgage fails to transfer to Mortgagee the title to or encumber and constitute a lien upon any of the Mortgaged Property, or any part thereof, as against creditors

13

of Mortgagor, other than Mortgagee or otherwise, such failure shall not operate to affect in any way the transfer or encumbrance of the other Mortgaged Property or any part thereof; but nothing herein contained shall be construed as requiring the Mortgagee to resort to any Mortgaged Property for the satisfaction of the Indebtedness hereby secured in preference or priority to any other Mortgaged Property or the remainder of the Mortgaged Property here-by conveyed, but Mortgagee may seek satisfaction out of all of the Mortgaged Property or any part thereof, in its absolute discretion.

(n) CERTAIN ENVIRONMENTAL REMEDIATION. After acceleration of the Indebtedness, and in the event of the foreclosure of this Mortgage as it relates to all or any portion of a Mortgaged Property, Mortgagee shall have the right (at any time after commencement but prior to completion of foreclosure proceedings with respect to any such Mortgaged Property) to commission the conduct of a Phase I Environmental Study (a "PHASE I STUDY") by a duly licensed Environmental Consultant (a "CONSULTANT") with respect to such Mortgaged Property being so foreclosed upon. The right to conduct a Phase I Study shall not include the right to collect soil samples, groundwater samples, or other intrusive environmental testing (collectively, "PHASE II TESTING"), unless the Consultant determines, as a result of the Phase I Study, that such Phase II Testing is necessary to evaluate an environmental condition which could materially adversely affect Mortgagee's security interest in Mortgaged Property or is likely to be in violation of applicable Environmental Law. Mortgagor agrees to bear the actual cost of a Phase I Study relating to its Mortgaged Property, provided that Mortgagor shall only be required to reimburse Mortgagee for no more than the cost of one Phase I Study with respect to each Mortgaged Property, together with one Phase II Testing if recommended by the Consultant after completion of the Phase I Study.

(o) OTHER RIGHTS. Mortgagee may pursue against Mortgagor any other rights and remedies of Mortgagee permitted by law, equity or contract or as set forth herein or in the other Loan Documents.

24. APPLICATION OF PROCEEDS. The proceeds of any sale or foreclosure of any Mortgaged Property shall be applied in the following order of priority: (a) to the payment of the costs and expenses of the foreclosure proceedings (including, without limitation, reasonable counsel fees and disbursements and advertising costs and expenses), liabilities and advances made or incurred under this Mortgage and receivers' and trustees' fees and commissions, together with interest at Post-Default Rate, from and after the date on which such sums are advanced by Mortgagee, (b) to the payment of all sums due under the Credit Agreement and the Notes in such order as described therein, and (d) to the payment of all sums due under any other Loan Document in such order as described in the Credit Agreement, and (e) to the payment of any surplus to the party or parties legally entitled thereto.

25. CHANGES IN THE LAWS REGARDING TAXATION. If any law is enacted or adopted or amended after the date of this Mortgage which deducts the Indebtedness from the value of the Mortgaged Property for the purpose of taxation or which imposes a tax, either directly or

14

indirectly, on the Indebtedness or Mortgagee's interest in the Mortgaged Property, Mortgagor will pay such tax, with interest and penalties thereon, if any. In the event Mortgagee is advised by counsel chosen by it that the payment of such tax or interest and penalties by Mortgagor would be unlawful or taxable to Mortgagee or unenforceable or provide the basis for a defense of usury, then in any such event, Mortgagee shall have the option, by written notice of not less than ninety (90) days, to declare the entire Indebtedness immediately due and payable; provided, however, that no Prepayment Consideration shall be required solely as a result of a prepayment required by any such declaration.

26. NO CREDITS ON ACCOUNT OF THE INDEBTEDNESS. Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Indebtedness for any part of the Taxes or Other Charges assessed against the Mortgaged Property, or any part thereof, and no deduction shall otherwise be made or

claimed from the assessed value of the Mortgaged Property, or any part thereof, for real estate tax purposes by reason of this Mortgage or the Indebtedness. In the event such claim, credit or deduction shall be required by law, Mortgagee shall have the option, by written notice of not less than ninety (90) days, to declare the entire Indebtedness immediately due and payable; provided, however, that no Prepayment Consideration shall be required solely as a result of a prepayment required by any such declaration.

27. DOCUMENTARY STAMPS. If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note or this Mortgage, or impose any other tax or charge on the same, Mortgagor will pay for the same, with interest and penalties thereon, if any.

28. BLANKET LIEN. Notwithstanding anything herein to the contrary, the blanket lien created by this Mortgage is intended to encumber each Mortgaged Property and all of the Mortgaged Property on a joint and several basis to the full extent of the Indebtedness and the Obligations. An original counterpart of this Mortgage shall be executed by every Mortgagor and recorded in each county where Mortgaged Property is located.

29. RIGHT OF ENTRY. Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times. Prior to the occurrence of an Event of Default, such entry and inspection shall not be conducted without prior notice to Mortgagor.

30. REASONABLE USE AND OCCUPANCY. In addition to the rights which Mortgagee may have herein, upon the occurrence of any Event of Default, Mortgagee, at its option, may require Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be occupied by Mortgagor, or may require Mortgagor to vacate and surrender possession of the Mortgaged Property to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise.

15

31. SECURITY AGREEMENT. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code adopted and enacted by the State of New Jersey (the "UNIFORM COMMERCIAL CODE"), made by and between Mortgagor, as Debtor, and Mortgagee, as secured party. Mortgagor by executing and delivering this Mortgage has granted and hereby grants to Mortgagee, as security for the Indebtedness, a security interest in the Mortgaged property to the full extent that the Mortgaged Property may be subject to the Uniform Commercial Code (said portion of the Mortgaged Property so subject to the Uniform Commercial Code being herein referred to as the "COLLATERAL"). If an Event of Default shall occur, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Collateral and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorney fees, incurred or paid by Mortgagee in protecting the interest in the Collateral and in enforcing Mortgagee's rights hereunder with respect to the Collateral. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Collateral sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Mortgagor. The proceeds of any disposition of the Collateral, or any part thereof, may be applied by Mortgagee to the payment of the Indebtedness in such priority and proportions as Mortgagee in its discretion shall deem proper.

32. ACTIONS AND PROCEEDINGS. Mortgagee has the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Mortgagor, which Mortgagee, in its discretion, decides should be brought to protect its interest in the Mortgaged Property. Mortgagee shall, at its option, be subrogated to the lien of any deed of trust, mortgage or other security instrument discharged in whole or in part by the Indebtedness, and any such subrogation rights shall constitute additional security for the payment of the Indebtedness.

33. WAIVER OF COUNTERCLAIM. Mortgagor hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Mortgagee, and, to the extent permitted by law, waives trial by jury in any action or proceeding brought by either party hereto against the other or in any counterclaim asserted by Mortgagee against Mortgagor, or in any matters whatsoever arising out of or in any way connected

with this Mortgage, the Note, any of the other Credit Facility Documents or the Indebtedness.

34. RECOVERY OF SUMS REQUIRED TO BE PAID. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Indebtedness as

16

the same become due, without regard to whether or not the balance of the Indebtedness shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

35. MARSHALLING AND OTHER MATTERS. Mortgagor hereby waives, to the extent permitted by law, the benefit of all appraisal, valuation, stay, extension, reinstatement, redemption and similar laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Mortgaged Property or any part thereof or any interest therein. Further, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by applicable law.

36. [Intentionally Deleted]

37. ACCESS LAWS.

(a) Mortgagor agrees that the Mortgaged Property shall at all times comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all similar state and local laws and ordinances related to access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively the "ACCESS LAWS").

(b) Notwithstanding any provisions set forth herein or in any other document regarding Mortgagee's approval of alterations of the Mortgaged Property, Mortgagor shall not alter the Mortgaged Property in any manner which would increase Mortgagor's responsibilities for compliance with the applicable Access Laws without the prior written approval of Mortgagee. The foregoing shall apply to tenant improvements constructed by Mortgagor or by any of its tenants. Mortgagee may condition any such approval upon receipt of a certificate of an architect, engineer or other person acceptable to Mortgagee regarding compliance with applicable Access Laws.

(c) Mortgagor agrees to give prompt notice to Mortgagee of the receipt by Mortgagor of any complaints related to any violations of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

38. INDEMNIFICATION. In addition to any other indemnifications provided herein or in the other Credit Facility Documents, Mortgagor shall protect, defend, indemnify and save harmless Mortgagee from and against all liabilities, obligations, claims, demands, damages, penalties, causes of action, losses, fines, costs and expenses (including without limitation

17

reasonable attorney fees and expenses), imposed upon, incurred by or asserted against Mortgagee by reason of: (a) ownership of this Mortgage, the Mortgaged Property or any interest therein or receipt of any Rents; (b) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) any use, nonuse or condition in, on or about the Mortgaged Property or any part thereof or on adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (d) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage; (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof; (f) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release or threatened release of any Hazardous Substance on, from or affecting: (I) the Mortgaged Property; or (II) any other property by reason of any use or ownership of the Mortgaged Property or any action or inaction by Mortgagor; (g) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to any Hazardous Substance; (h) any lawsuit brought or threatened, settlement reached, or government order relating to any Hazardous Substance on, from or affecting: (I) the Mortgaged Property; or (II) any other property by reason of any use or ownership of the Mortgaged Property or any action or inaction by Mortgagor; (i) any violation of the Environmental Laws, which are based upon or in any way related to any Hazardous Substance including,

without limitation, the costs and expenses of any remedial action, attorneys and consultants fees, investigation and laboratory fees, court costs, and litigation expenses; and (j) any failure of the Mortgaged Property to comply with any Access Laws, provided that Mortgagor shall not indemnify Mortgagee for the gross negligence or willful misconduct of Mortgagee. Any amounts payable to Mortgagee by reason of the application of this indemnification shall be secured by this Mortgage and the other Credit Facility Documents, shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Mortgagee until paid. The obligations and liabilities of Mortgagor under this paragraph 38 shall survive any termination, satisfaction or assignment of this Mortgage and the exercise by Mortgagee of any of its rights or remedies hereunder, including, but not limited to, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure.

39. NOTICE. Except as otherwise specified herein, any notice, consent, request or other communication required or permitted to be given hereunder shall be in writing, addressed to the other party as set forth below (or to such other address or person as either party or person entitled to notice may by notice to the other party specify), and shall be: (a) personally delivered; (b) delivered by Federal Express or some comparable overnight delivery service; or (c) transmitted by United States certified mail, return receipt requested with postage prepaid; to:

Mortgagee: Prudential Securities Credit Corporation  
One Seaport Plaza  
New York, New York 10292  
Attention: James Bozza - Credit Department

18

Mortgagor: Mack-Cali Realty, L.P.  
11 Commerce Drive  
Cranford, New Jersey 07016  
Attention: President

Unless otherwise specified, all notices and other communications shall be deemed to have been duly given on the first to occur of actual receipt of the same or: (i) the date of delivery if personally delivered; (ii) one (1) business day after depositing the same with the delivery service if by overnight delivery service; and (iii) three (3) days following posting if transmitted by mail.

40. AUTHORITY..

(a) Mortgagor (and the undersigned representative of Mortgagor, if any) has full power, authority and right to execute, deliver and perform its obligations pursuant to this Mortgage, and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm, pledge, hypothecate and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on Mortgagor's part to be performed.

(b) Mortgagor represents and warrants that Mortgagor is not a "foreign person" within the meaning of Section 1445(f) (3) of the Internal Revenue Code of 1986, as amended, and the related Treasury Department regulations, including temporary regulations.

41. WAIVER OF NOTICE. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor and except with respect to matters for which Mortgagee is required by applicable law to give notice, and Mortgagor hereby expressly waives the right to receive any other notice.

42. REMEDIES OF MORTGAGOR. In the event that a claim or adjudication is made that Mortgagee has acted unreasonably or unreasonably delayed acting in any case where by law or under the Note, this Mortgage or the other Credit Facility Documents, it has an obligation to act reasonably or promptly, Mortgagee shall not be liable for any monetary damages, and Mortgagor's remedies shall be limited to injunctive relief or declaratory judgment.

43. SOLE DISCRETION OF MORTGAGEE. Wherever pursuant to this Mortgage, Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee, the decision of Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole and absolute discretion of Mortgagee and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein. Prior to the occurrence of an Event of Default, Mortgagee shall exercise such discretion in a commercially reasonable manner.

19

44. NONWAIVER. The failure of Mortgagee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this



Mortgage. Mortgagor shall not be relieved of Mortgagor's obligations hereunder by reason of: (a) the failure of Mortgagee to comply with any request of Mortgagor or any Guarantor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof, of the Note or the Other Credit Facility Documents; (b) the release, regardless of consideration, of the whole or any part of the Mortgaged Property, or of any person liable for the Indebtedness or any portion thereof; or (c) any agreement or stipulation by Mortgagee extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or the other Credit Facility Documents. Mortgagee may resort for the payment of the Indebtedness to any other security held by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to recover the Indebtedness, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. The rights and remedies of Mortgagee under this Mortgage and the other Credit Facility Documents shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

45. NO ORAL CHANGE. This Mortgage, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Mortgagor or Mortgagee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

46. LIABILITY. If Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Mortgage shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns forever.

47. INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Note or this Mortgage is held to be invalid, illegal or unenforceable in any respect, the Note and this Mortgage shall be construed without such provision.

48. HEADINGS, ETC. The headings and captions of various paragraphs of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

49. DUPLICATE ORIGINALS. This Mortgage may be executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

20

50. DEFINITIONS. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage (including pronouns) shall include the corresponding masculine, feminine or neuter forms, and the singular form of such words shall include the plural and vice versa. The word "MORTGAGOR" shall mean "each constituent Mortgagor and any subsequent owner or owners of any of the Mortgaged Properties or any part thereof or any interest therein"; the word "MORTGAGEE" shall mean "the Mortgagee named herein, or any subsequent administrative agent or holder of the Notes under the Credit Agreement"; the word "NOTE" shall mean "the Notes and any other evidence of indebtedness secured by this Mortgage"; the word "PERSON" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority and any other entity; and the words "MORTGAGED PROPERTY" shall include any portion of any of the Mortgaged Properties owned by any of the constituent Mortgagors and any interest therein.

51. HOMESTEAD. Mortgagor hereby waives and renounces all homestead and exemption rights provided by the constitution and the laws of the United States and of any state, in and to the Mortgaged Property as against the collection of the Indebtedness, or any part hereof.

52. ASSIGNMENTS. Mortgagee shall have the right to assign or transfer its rights under this Mortgage without limitation. Any assignee or transferee shall be entitled to all the benefits afforded Mortgagee under this Mortgage. Mortgagee shall give Mortgagor written notice following any such assignment.

53. INTEGRATION. This Mortgage, the Note and the other Credit Facility Documents embody the entire agreement by and between Mortgagor and Mortgagee with respect to the Loan, and any and all prior correspondence, discussions or negotiations are deemed merged therein; PROVIDED, HOWEVER, that except to the extent inconsistent with the specific terms and provisions of this Mortgage, the Note and the other Credit Facility Documents, all representations, warranties, statements, covenants and agreements of Mortgagor contained in any loan commitment and/or loan application executed in connection with the Loan shall survive the funding of the Loan, any termination, satisfaction, or assignment of this Mortgage and the exercise by Mortgagee of any of its rights or remedies

hereunder, including but not limited to, the acquisition of the Mortgaged Property by foreclosure or a conveyance in lieu of foreclosure.

54. APPLICABLE LAW; JURISDICTION. This Mortgage shall be governed and construed in accordance with the laws of the State of New Jersey, without regard to conflict of law provisions thereof. In addition to the provisions of Section 11.14 of the Credit Agreement, Mortgagor hereby submits to personal jurisdiction in the state courts located in said state and the federal courts of the United States of America (and any appellate courts taking appeals thereof) located in said state for the enforcement of Mortgagor's obligations hereunder and waives any and all personal rights under the law of any other state to object to jurisdiction within such state for the purposes of any action, suit, proceeding or litigation to enforce such obligations of Mortgagor.

21

IN WITNESS WHEREOF, each constituent Mortgagor has executed this Mortgage as of the day and year first above written.

BRIDGE PLAZA REALTY ASSOCIATES L.P.

By: Cali Sub IX, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

C.W. ASSOCIATES

By: Cali Sub II, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

CHESTNUT RIDGE ASSOCIATES

By: Cali Sub III, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

500 COLUMBIA TURNPIKE ASSOCIATES

By: Cali Sub I, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

22

GROVE STREET ASSOCIATES OF JERSEY CITY LIMITED PARTNERSHIP

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

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

JUMPING BROOK REALTY ASSOCIATES L.P.

By: Cali Sub VII, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

OFFICE ASSOCIATES, LTD.

By: Cali Sub III, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

ROSELAND II LIMITED PARTNERSHIP

By: Cali Sub III, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

23

SIX COMMERCE DRIVE ASSOCIATES

By: Cali Sub I, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

300 TICE REALTY ASSOCIATES, L.P.

By: Cali Sub IX, Inc., its general partner

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

20 COMMERCE DRIVE ASSOCIATES

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

By: \_\_\_\_\_  
Name: Barry Lefkowitz  
Title: Vice President

24