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

FORM 10-K/A

AMENDMENT NO. 1

/X/ ANNUAL REPORT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 1997

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

Commission File No. 1-13274

MACK-CALI REALTY CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland	22-3305147
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
11 Commerce Drive, Cranford New Jersey	07016-3599
(Address of principal executive offices)	(Zip code)

(908) 272-8000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)	(Name of Each Exchange on Which Registered)
Common Stock, $0.01 par value	New York Stock Exchange Pacific Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12

months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

As of July 31, 1998, the aggregate market value of the voting stock held by non-affiliates of the Registrant was $1,980,254,065.62. The aggregate market value was computed with references to the closing price on the New York Stock Exchange on such date. This calculation does not reflect a determination that persons are affiliates for any other purpose.

As of July 31, 1998, 57,974,947 shares of common stock, $0.01 par value of the Company ("Common Stock") were outstanding.

MACK-CALI REALTY CORPORATION

AMENDMENT NO. 1
TO THE ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

Mack-Cali Realty Corporation (the "Registrant" or the "Company") hereby amends and restates in its entirety the following items of its Annual Report on Form 10-K for the fiscal year ended December 31, 1997, as set forth in the pages attached hereto:

1. ITEM 1 IS HEREBY AMENDED BY AND RESTATED TO INCLUDE THE FOLLOWING LANGUAGE:

"GENERAL

Mack-Cali Realty Corporation, previously Cali Realty Corporation, (together with its subsidiaries, the "Company") is a fully-integrated, self-administered and self-managed real estate investment trust ("REIT") that owns and operates a portfolio comprised predominantly of Class A office and office/flex properties located primarily in the Northeast and Southwest, as well as commercial real estate leasing, management, acquisition, development and construction businesses. As of December 31, 1997, the Company owned 189 properties, consisting of 118 office properties (the "Office Properties"), 59 office/flex properties (the "Office/Flex Properties"), and six industrial/warehouse properties (the "Industrial/Warehouse Properties"), encompassing an aggregate of approximately 22.0 million square feet, as well as two multi-family residential properties, two stand-alone retail properties, and two land leases (collectively, the "Properties"). See "Business -- Recent Developments." As of December 31, 1997, the Office Properties, Office/Flex Properties and Industrial/Warehouse Properties in the aggregate, were approximately 95.8 percent leased to approximately 2,300 tenants. The Company believes that its Properties have excellent locations and access and are well-maintained and professionally managed. As a result, the Company believes that its Properties attract high quality tenants and achieve among the highest rental, occupancy and tenant retention rates within their markets.

The Company's strategy has been to focus its development and ownership of office properties in sub-markets where it is, or can become, a significant and preferred owner and operator. The Company will continue this strategy by expanding, primarily through acquisitions, initially into sub-markets where it has, or can achieve, similar status. Consistent with its growth strategy, during 1997, the Company acquired 132 properties, primarily office and office/flex properties, for an aggregate acquisition cost of approximately $1.8 billion, including the December 1997 acquisition of 54 Class A office properties (the "Mack Properties"), aggregating approximately 9.2 million square feet, from The Mack Company and Patriot American Office Group for a total cost of approximately $1.1 billion (the "Mack Transaction"). Additionally, in January 1997 the Company completed the acquisition of 65 properties, aggregating approximately 4.1

million square feet, (the "RM Properties") of the Robert Martin Company, LLC ("RM") and affiliates for approximately $450.0 million the ("RM Transaction"). See "Business -- Recent Developments." Management believes that the recent trend towards increasing rental and occupancy rates in office buildings in the Company's sub-markets continues to present significant opportunities for growth. The Company may also develop properties in such sub-markets, particularly with a view towards potential utilization of certain vacant land recently acquired or on which the Company holds options. Management believes that its extensive market knowledge provides the Company with a significant competitive advantage which is further enhanced by its strong reputation for and emphasis on delivering highly responsive management services, including direct and continued access to the Company's senior management. See "Business -- Growth Strategies."

The Company's ten largest tenants, based on actual rent billings in December 1997, are AT&T Corporation, AT&T Cellular Services, Donaldson, Lufkin & Jenrette Securities Corp., Dow Jones Telerate Systems Inc., Prentice-Hall Inc., American Institute of Certified Public Accountants (AICPA), Allstate Insurance Company, CMP Media Inc., Toys 'R' Us, Inc., and KPMG Peat Marwick LLP. The average age of the Office Properties, Office/Flex Properties and Industrial/Warehouse Properties is approximately

15, 15 and 36 years, respectively.

Cali Associates, the entity to whose business the Company succeeded in 1994, was founded by John J. Cali, Angelo R. Cali and Edward Leshowitz (the "Founders") who have been involved in the development, leasing, management, operation and disposition of commercial and residential properties in Northern and Central New Jersey for over 40 years and have been primarily focusing on office building development for the past fifteen years. In addition to the Founders, the Company's executive officers have been employed by the Company and its predecessor for an average of approximately 10 years. The Company and its predecessor have built approximately four million square feet of office space, more than one million square feet of industrial facilities and over 5,500 residential units.

Upon the completion of the Mack Transaction on December 11, 1997, the Company became one of the largest equity REITs in the country. The transaction also marked the combination with the Company of respected names in the real estate business, most notably William L. Mack and Mitchell E. Hersh. In connection with the Mack Transaction, Mr. Mack and Mr. Hersh were appointed to the Board of Directors of the Company. Mr. Mack also serves as Chairman of the Executive Committee of the Board of Directors, and Mr. Hersh also serves as President and Chief Operating Officer of the Company. In connection with the Mack Transaction, Thomas A. Rizk resigned as President of the Company, but remains as Chief Executive Officer and as a Director of the Company. See "Recent Developments -- Mack Transaction" for a more detailed description of the Mack Transaction. With the completion of the Mack Transaction, the Company changed its name from "Cali Realty Corporation" to "Mack-Cali Realty

Corporation" and its operating partnership changed its name from "Cali Realty, L.P." to "Mack-Cali Realty, L.P."

As of March 10, 1998, executive officers and directors of the Company and other former owners of interests in certain of the Properties (many of whom are employees of the Company) owned approximately 20.1 percent of the Company's outstanding shares of Common Stock (including Units redeemable or convertible for shares of Common Stock). As used herein, the term "Units" refers to limited partnership interests in Mack-Cali Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), through which the Company conducts its real estate activities.

The Company performs substantially all construction, leasing, management and tenant improvements on an "in-house" basis and is self-administered and self-managed.

The Company was incorporated on May 24, 1994. The Company's executive offices are located at 11 Commerce Drive, Cranford, New Jersey 07016, and its telephone number is (908) 272-8000. The Company has an internet Web address at "http://www.mack-cali.com".

GROWTH STRATEGIES

The Company's objectives are to maximize growth in funds from operations (as defined in Item 6 below) and to enhance the value of its portfolio through effective management, acquisition and development strategies. The Company believes that opportunities exist to increase cash flow per share by: (i) implementing operating strategies to produce increased effective rental and occupancy rates and decreased concession and tenant installation costs as vacancy rates in the Company's sub-markets continue to decline; (ii) acquiring properties with attractive returns in sub-markets where, based on its expertise in leasing, managing and operating properties, it is, or can become, a significant and preferred owner and operator; and (iii) developing properties where such development will result in a favorable risk-adjusted return on investment.

Based on its evaluation of current market conditions, the Company believes that a number of factors will enable it to achieve its business objectives, including: (i) the limited availability to competitors of capital for financing development, acquisitions or capital improvements or for refinancing maturing mortgages; (ii) the lack of new construction in the Company's primary markets providing the Company with the opportunity to maximize occupancy levels at attractive rental rates; and (iii) the large number of distressed sellers and inadvertent owners (through foreclosure or otherwise) of office properties in the Company's primary markets creating enhanced acquisition opportunities. Management believes that the Company is well positioned to exploit existing opportunities because of its extensive experience in its markets and its proven ability to acquire, develop, lease and efficiently manage office properties.

The Company focuses on enhancing growth in cash flow per share by: (i) maximizing cash flow from the existing Properties through continued active leasing and property management; (ii) managing operating expenses through the use of in-house management, leasing, marketing, financing, accounting, legal, construction, management and data processing functions; (iii) emphasizing programs of repairs and capital improvements to enhance the Properties' competitive advantages in their markets; (iv) maintaining and developing long-term relationships with a diverse tenant group; and (v) attracting and retaining motivated employees by providing financial and other incentives to meet the Company's operating and financial goals.

The Company will seek to increase its cash flow per share by acquiring additional properties that: (i) provide attractive initial yields with significant potential for growth in cash flow from property operations; (ii) are well located, of high quality and competitive in their respective sub-markets; (iii) are located in its existing sub-markets or in sub-markets which lack a significant owner or operator; and (iv) have been under-managed or are otherwise capable of improved performance through intensive management and leasing that will result in increased occupancy and rental revenues.

Consistent with its acquisition strategy during 1997, the Company invested an aggregate of approximately $1.8 billion in the Mack Transaction, the RM Transaction and the acquisition of 13 other office and office/flex properties (the "Individual Property Acquisitions"), thereby increasing its portfolio by approximately 308 percent over year-end 1996 (based upon total net rentable square feet). See "Business -- Recent Developments." There can be no assurance, however, that the Company will be able to improve the operating performance of any properties that are acquired.

The Company may also develop office and office/flex space on certain vacant land acquired in connection with various acquisitions, or on which the Company holds options, when market conditions support a favorable risk-adjusted return on such development, primarily in stable submarkets where the demand for such space exceeds available supply and where the Company is, or can become, a significant owner and operator. The Company believes that opportunities exist for it to acquire properties in the majority of its sub-markets at less than replacement cost. Therefore, the Company currently intends to emphasize its acquisition strategies over its development strategies until market conditions change. To the extent that the costs associated with implementing such acquisition and development strategies are financed using the Company's cash flow, such costs may adversely affect the Company's ability to make distributions.

The Company currently intends to maintain a ratio of debt to total market capitalization (total debt of the Company as a percentage of the market value of issued and outstanding shares of Common Stock, including interests redeemable therefor, plus total debt) of approximately 50 percent or less, although the Company's organizational documents do not limit the amount of indebtedness that the Company may incur. As of December 31, 1997, the Company's total debt constituted approximately 27.8 percent of the total market capitalization of the Company. The Company will utilize the most appropriate sources of

capital for future acquisitions, development and capital improvements, which may include funds from operating activities, short-term and long-term borrowings (including draws on the Company's revolving credit facilities) and issuances of debt securities or additional equity securities.

EMPLOYEES

As of December 31, 1997, the Company had over 300 employees.

COMPETITION

The leasing of real estate is highly competitive. The Company's Properties compete for tenants with lessors and developers of similar properties located in its respective markets primarily on the basis of location, rent charged, services provided, and the design and condition of property improvements. The Company also experiences competition when attempting to acquire equity interests in desirable real estate, including competition from domestic and foreign financial institutions, other REIT's, life insurance companies, pension trusts, trust funds, partnerships and individual investors.

REGULATIONS

Many laws and governmental regulations are applicable to the Properties and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently.

Under various laws and regulations relating to the protection of the environment, an owner of real estate may be held liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in the property. These laws often impose liability without regard to whether the owner was responsible for, or even knew of, the presence of such substances. The presence of such substances may adversely affect the owner's ability to rent or sell the property or to borrow using such property as collateral and may expose it to liability resulting from any release of, or exposure to, such substances. Persons who arrange for the disposal or treatment of hazardous or toxic substances at another location may also be liable for the costs of removal or remediation of such substances at the disposal or treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws impose liability for release of asbestos-containing materials into the air, and third parties may also seek recovery from owners or operators of real properties for personal injury associated with asbestos-containing materials and other hazardous or toxic substances. In connection with the ownership (direct or indirect), operation, management and development of real properties, the Company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, potentially liable for removal or remediation costs, as well as certain other related costs, including governmental penalties and injuries to persons and property.

The Company obtained Phase I Assessments of each of its original properties (the "Initial Properties") at the time of its initial public offering in August 1994 (the "IPO"). With the acquisition of each new property, the Company obtains a Phase I Assessment for such property. These Phase I Assessments have not revealed any environmental liability that the Company believes would have a material adverse effect on the Company's business, assets or results of operations taken as a whole, nor is the Company aware of any such material environmental liability.

In connection with the RM Transaction, the Company's environmental consultant undertook environmental audits of the properties, including sampling activities, which identified certain environmental conditions at several of the properties (the "Designated Properties") that will likely require further investigation and/or remedial activities. RM retained the liability and responsibility for remediation of the environmental conditions of the Designated Properties, and established an escrow in the amount of $1.5 million (the "Environmental Escrow") as a clean-up fund. It is possible that the Company's assessments do not reveal all environmental liabilities and that there are material environmental liabilities of which the Company is unaware. Any remediation costs for the Designated Properties exceeding the Environmental Escrow will remain the responsibility of RM, with RM retaining the right to repurchase some or all of the Designated Properties under certain conditions, including if the costs of remediation of such property exceeds either its allocated property value or the Environmental Escrow. See "Business -- Recent Developments -- RM Transaction."

There can be no assurance that (i) future laws, ordinances or regulations will not impose any material environmental liability, (ii) the current environmental condition of the Properties will not be affected by tenants, by the condition of land or operations in the vicinity of the Properties (such as the presence of underground storage tanks), or by third parties unrelated to the Company or (iii) the Company's assessments reveal all environmental liabilities and that there are no material environmental liabilities of which the Company is unaware. If compliance with the various laws and regulations, now existing or hereafter adopted, exceeds the Company's budgets for such items, the Company's ability to make expected distributions to stockholders could be adversely affected.

There are no other laws or regulations which have a material effect on the Company's operations, other than typical federal, state and local laws affecting the development and operation of real property, such as zoning laws.

INDUSTRY SEGMENTS

The Company operates in only one industry segment-real estate. The Company does not have any foreign operations and its business is not seasonal.

RECENT DEVELOPMENTS

During 1997, the Company completed the RM Transaction, the Mack Transaction and the Individual Property Acquisitions, and has improved the operating performance of its existing portfolio by maintaining high occupancies and

controlling costs. The Company's funds from operations (after adjustment for the straight-lining of rents) for the year ended December 31, 1997 was $111.8 million. As a result of the Company's improved operating performance and expanded equity capital base through equity offerings of its Common Stock, in September 1997 the Company announced an 11.1 percent increase in its regular quarterly distribution, commencing with the Company's distribution with respect to the third quarter of 1997, from $0.45 per share of Common Stock ($1.80 per share of Common Stock on an annualized basis) to $0.50 per share of Common Stock ($2.00 per share of Common Stock on an annualized basis). Since 1995, the Company has increased its regular quarterly distribution by 23.8 percent.

During 1997, the Company invested approximately $1.8 billion in the purchase of the RM Transaction, the Mack Transaction and the Individual Property Acquisitions, increasing its portfolio by approximately 308 percent (based upon total net rentable square feet). The cash portions of the purchase prices for such transactions and acquisitions (as more fully described below) were obtained by the Company from (i) the net proceeds of the Company's public offering of Common Stock in October 1997 for net proceeds of approximately $489.1 million, (ii) borrowings under the Company's revolving credit facilities and from the $200.0 million Prudential Term Loan (as hereinafter defined), and (iii) available working capital. Furthermore, approximately $348.3 million in Units were issued in connection with the RM Transaction, the Mack Transaction and one of the Individual Property Acquisitions. In addition, a portion of each of the purchase prices for the RM Transaction and the Mack Transaction included the assumption of mortgage indebtedness ($185.3 million for the RM Transaction and $291.9 million for the Mack Transaction). See "Business -- Financing Activities." Set forth below are summary descriptions of the RM Transaction, the Mack Transaction and the Individual Property Acquisitions:

RM TRANSACTION

On January 31, 1997, the Company acquired the RM Properties for a total cost of approximately $450.0 million. The RM Properties consist of 16 office properties, 38 office/flex properties, six industrial/warehouse properties, two stand-alone retail properties, two land leases, and a multi-family residential property. The RM Transaction was financed through the assumption of a $185.3 million mortgage, approximately $220.0 million in cash, substantially all of which was obtained from the Company's cash reserves, and the issuance of 1,401,225 Units, valued at approximately $43.8 million.

In connection with the RM Transaction, the Company assumed a $185.3 million non-recourse mortgage with Teachers Insurance and Annuity Association of America, with interest only payable monthly at a fixed annual rate of 7.18 percent (the "TIAA Mortgage"). The TIAA Mortgage is secured and cross-collateralized by 43 of the RM

Properties and matures on December 31, 2003. The Company, at its option, may convert, without any yield maintenance obligation or prepayment premium, the TIAA Mortgage to unsecured public debt upon achievement by the Company of an investment credit rating of Baa3/BBB- or better. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance which is generally 100 basis points over United States Treasury obligations of similar maturity to the remaining maturity of the TIAA Mortgage at the time prepayment is being sought.

The RM Properties, which consist primarily of 54 office and office/flex properties aggregating approximately 3.7 million square feet and six industrial/warehouse properties aggregating approximately 387,000 square feet, are located primarily in established business parks in Westchester County, New York and Fairfield County, Connecticut. The Company has agreed not to sell certain of the RM Properties for a period of seven years without the consent of the RM principals, except for sales made under certain circumstance and/or conditions.

In connection with the RM Transaction, the Company was granted a three-year option to acquire two properties (the "Option Properties") under certain conditions, one of which was acquired in 1997. See "Recent Developments -- Individual Property Acquisitions." The purchase price for the remaining Option Property is subject to adjustment based upon different formulas and is payable in cash or common units.

In connection with the RM Transaction, the Company holds a $7.3 million non-recourse mortgage loan ("Mortgage Note Receivable") with entities controlled by the RM principals, bearing interest at an annual rate of 450 basis points over the one-month London Inter-Bank Offered Rate (LIBOR). The Mortgage Note Receivable, which is secured by the remaining Option Property and guaranteed by certain of the RM principals, matures on February 1, 2000.

In conjunction with the completion of the RM Transaction, Robert F.

Weinberg and Brad W. Berger, son of Martin S. Berger, co-founder of RM with Mr. Weinberg, were appointed to the Company's Board of Directors for an initial term of three years. Mr. Berger subsequently resigned from the Board of Directors in December 1997 as a result of the Mack Transaction.

MACK TRANSACTION

On December 11, 1997, the Company acquired the Mack Properties from The Mack Company and Patriot American Office Group, pursuant to a Contribution and Exchange Agreement (the "Agreement"), for a total cost of approximately $1.1 billion.

The Mack Properties consist of 54 office properties comprising a total of approximately 9.2 million net rentable square feet, ranging from approximately 40,000 to 475,100 square feet. The Mack Properties are located primarily in the Northeast and Southwest, with a concentration of properties located in Northern New Jersey (25 properties compromising approximately 4.8 million square feet), Texas (17 properties comprising

approximately 2.5 million square feet) and Arizona (four properties comprising approximately 485,000 square feet).

The total cost of the Mack Transaction was financed as follows: (i) approximately $498.8 million in cash made available from the Company's cash reserves and from the $200.0 million term loan from Prudential Securities Credit Corp. (the "Prudential Term Loan"), (ii) approximately $291.9 million in mortgage debt assumed by the Company (the "Mack Mortgages"), (iii) the issuance of 1,965,886 common Units, valued at approximately $66.4 million, (iv) the issuance of 15,237 Series A preferred units and 215,325 Series B preferred units, valued at approximately $236.5 million (collectively, the "Preferred Units"), (v) warrants to purchase 2,000,000 common units (the "Unit Warrants"), valued at approximately $8.5 million, and (vi) the issuance of Contingent Units (as defined below). The Preferred Units are convertible into common units at $34.65 per unit and the Unit Warrants are exercisable at $37.80 per unit.

2,006,432 contingent common units, 11,895 Series A contingent Preferred Units and 7,799 Series B contingent Preferred 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 performance goals relating to certain of the Mack Properties, specifically the achievement of certain leasing activity.

With the Mack Transaction, the Company assumed an aggregate of approximately $291.9 million of mortgage indebtedness with eight separate lenders, encumbering 17 of the Mack Properties. Such debt matures at various dates from March 1998 through January 2009. The Mack Mortgages are comprised of an aggregate of approximately $199.9 million of fixed rate debt bearing interest at a weighted average rate of approximately 7.66 percent per annum, certain of which require monthly principal amortization payments, and an aggregate of approximately $91.9 million in variable rate debt bearing interest at a weighted average floating rate of approximately 76 basis points over LIBOR.

With the completion of the Mack Transaction, the "Cali Realty Corporation" name was changed to "Mack-Cali Realty Corporation", and the name of the Operating Partnership was changed from "Cali Realty, L.P." to "Mack-Cali Realty, L.P."

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

In accordance with the Agreement, Thomas A. Rizk remained Chief Executive Officer but resigned as President of the Company, with Mitchell E. Hersh appointed as President and Chief Operating Officer. The Company's other officers retained their existing

positions and responsibilities, except that Brant Cali resigned as Chief Operating Officer and John R. Cali resigned as Chief Administrative Officer. Brant Cali and John R. Cali remained as officers of the Company as Executive Vice Presidents.

Entering into new employment agreements with the Company after the Mack Transaction on December 11, 1997 were Thomas A. Rizk, Mitchell E. Hersh, Brant Cali, and John R. Cali. Entering into amended and restated employment agreements were Roger W. Thomas, as Executive Vice President, General Counsel and Assistant Secretary, Barry Lefkowitz, as Executive Vice President and Chief Financial Officer and Timothy M. Jones, as Executive Vice President.

Additionally, the Company entered into non-competition agreements on December 11, 1997 with each of William, Earle, David and Fredric Mack, which restricted the business dealings of such individuals relative to their involvement in commercial real estate activities to those specified in the Agreement. The non-competition agreements have a term of the later of (a) three years from the completion of the Mack Transaction, or (b) the occurrence of specified circumstances including, but not limited to, the removal of William, Earle, David or Fredric Mack, respectively, from the Company's Board of Directors or Advisory Board, as applicable, and a decrease in certain ownership levels.

In connection with the Mack Transaction, under each of the Company's executive officer's then existing employment agreements (dated January 21, 1997), due to a change of control of the Company (as defined in each employment agreement), each of the aforementioned officers received the benefit of the acceleration of (i) the immediate vesting and issuance of his restricted stock, including tax gross-up payments associated therewith, (ii) the forgiveness of his Stock Purchase Rights loan, including tax gross-up payments associated therewith, and (iii) the vesting of his unvested employee stock options and warrants. Additionally, under each of Thomas Rizk's, Brant Cali's and John R. Cali's employment agreements with the Company, each of these officers became entitled to receive certain severance-type payments, as a result of certain provisions in each of their agreements, triggered as result of the Mack Transaction. Finally, certain officers and employees of the Company were given transaction-based payments as a reward for their efforts and performance in connection with the Mack Transaction. The total expense associated with the acceleration of vesting of restricted stock, the forgiveness of Stock Purchase Rights loans, and the payment of certain severance-type payments as well as performance payments, and related tax-obligation payments, which were approved by the Company's Board of Directors and which took place simultaneous with completion of the Mack Transaction, totaled $45.8 million.

INDIVIDUAL PROPERTY ACQUISITIONS

In addition to the RM Transaction and the Mack Transaction, during 1997, the Company invested approximately $204.4 million in the acquisition of 13 office and office/flex properties.

On January 28, 1997, the Company acquired 1345 Campus Parkway, a 76,300 square foot office/flex property, located in Wall Township, Monmouth County, New Jersey for approximately $6.7 million in cash, made available from the Company's cash reserves. The property is located in the same office park in which the Company previously acquired two office properties and four office/flex properties in November 1995.

On May 8, 1997, the Company acquired four buildings in Westlakes Office Park, a suburban Class A office complex located in Berwyn, Chester County, Pennsylvania, totaling approximately 444,350 square feet. The properties were acquired for a total cost of approximately $74.7 million, which was made available primarily from drawing on one of the Company's credit facilities.

On July 21,1997, the Company acquired two vacant office buildings in the Moorestown Corporate Center, a suburban Class A office complex located in Moorestown, Burlington County, New Jersey. The properties, each consisting of 74,000 square feet, were acquired for a total cost of approximately $10.2 million, which was made available from drawing on one of the Company's credit facilities.

On August 1, 1997, the Company acquired 1000 Bridgeport Avenue, a 133,000 square foot Class A office building located in Shelton, Fairfield County, Connecticut. The property was acquired for a total cost of approximately $15.8 million, which was made available from drawing on one of the Company's credit facilities.

On August 15, 1997, the Company acquired one of the Option Properties, 200 Corporate Boulevard South ("200 Corporate"), an 84,000 square foot office/flex building located in Yonkers, Westchester County, New York. The property was acquired for approximately $8.1 million through the exercise of a purchase option obtained in connection with the RM Transaction. The acquisition cost, net of the mortgage receivable prepayment described below, was financed from the Company's cash reserves.

In conjunction with the acquisition of 200 Corporate, the sellers of the property, certain RM principals, prepaid $4.4 million of the $11.6 million Mortgage Note Receivable between the Company and such RM principals.

On September 3, 1997, the Company acquired Three Independence Way, a 111,300 square foot Class A office building in South Brunswick, Middlesex County, New Jersey. The property was acquired for a total cost of approximately $13.4 million, which was made available from drawing on one of the Company's credit facilities.

On November 19, 1997, the Company acquired 1000 Madison Avenue, a 100,655 square foot Class A office building located in Lower Providence Township, Montgomery County, Pennsylvania. The property was acquired for approximately $14.3 million, which was made available from the Company's cash reserves.

On December 19, 1997, the Company acquired 100 Overlook Center, a 149,600 square foot Class A office building, in Princeton, Mercer County, New Jersey. The property was acquired for a total cost of approximately $27.2 million, which was funded through the issuance of 41,421 Common Units, valued at approximately $1.6 million, with the remaining cash portion made available from drawing on one of the Company's credit facilities.

Additionally, on December 19, 1997, the Company acquired 200 Concord Plaza Drive, a 248,700 square-foot Class A office building located in San Antonio, Bexar County, Texas. The property was acquired for approximately $34.1 million, which was made available from drawing on one of the Company's credit facilities.

FIRST QUARTER 1998 ACQUISITIONS

On January 23, 1998, the Company acquired 10 acres of vacant land in the Stamford Executive Park, located in Stamford, Fairfield County, Connecticut for approximately $1.3 million, which was funded from the Company's cash reserves. The vacant land, on which the Company plans to develop a 40,000 square-foot office/flex property, was acquired from RMC Development Company, LLC. In conjunction with the acquisition of the developable land, the Company signed a 15-year lease, on a triple-net basis, with a single tenant to occupy the entire property being developed.

On January 30, 1998, the Company acquired a 17-building office/flex portfolio, aggregating approximately 748,660 square feet located in the Moorestown West Corporate Center in Moorestown, Burlington County, New Jersey and in Bromley Commons in Burlington, Burlington County, New Jersey. The 17 properties were acquired for a total cost of approximately $47.0 million. The Company is under contract to acquire an additional four office/flex properties in the same locations. The Company also has an option to purchase a property following completion of construction and required lease-up for approximately $3.7 million. The purchase contract also provides the Company a right of first refusal to acquire up to six additional office/flex properties totaling 202,000 square feet upon their development and lease-up. The initial transaction was funded primarily from drawing on one of the Company's credit facilities as well as the assumption of mortgage debt with an estimated value of approximately $8.4 million (the "McGarvey Mortgages"). The McGarvey Mortgages currently have a weighted average annual effective interest rate of 6.24 percent and are secured by five of the office/flex properties acquired.

On February 2, 1998, the Company acquired 2115 Linwood Avenue, a 68,000 square-foot vacant office building located in Fort Lee, Bergen County, New Jersey. The building was acquired for approximately $5.1 million, which was made available from drawing on one of the Company's credit facilities.

On February 5, 1998, the Company acquired 500 West Putnam Avenue, a 121,250 square-foot office building located in Greenwich, Fairfield County, Connecticut. The property was acquired for a total cost of approximately $20.1 million, funded from

drawing on one of the Company's credit facilities as well as the assumption of mortgage debt with an estimated value of $12.1 million which bears interest at an annual effective interest rate of 6.52 percent.

On February 25, 1998, the Company acquired 10 Mountainview Road, a 192,000 square-foot office building, located in Upper Saddle River, Bergen County, New Jersey. The property was acquired for approximately $24.5 million, which was made available from proceeds received from the Company's February 1998 public offering of common stock.

On March 12, 1998, the Company acquired 1250 Capital of Texas Highway South, a 270,703 square-foot office building located in Austin, Travis County, Texas. The property was acquired for approximately $37.0 million, which was made available from drawing on one of the Company's credit facilities.

On March 27, 1998, the Company acquired for approximately $170.0 million substantially all of the interests in Prudential Business Campus, an 875,000 square-foot office complex with five office buildings and a daycare center, plus land parcels, located in Parsippany and East Hanover, Morris County, New Jersey. The properties were acquired utilizing the proceeds from the $100.0 million Equity Placement (as hereinafter defined) and from drawing on one of the Company's credit facilities.

Additionally, in March, the Company signed a contract to purchase Morris County Financial Center, a 308,215 square-foot two-building office complex located in Parsippany, Morris County, New Jersey for $52.5 million.

The Company also announced in March, an agreement to acquire 19 properties from Pacifica Holding Company ("Pacifica"), a private real estate owner and operator in Denver, Colorado, for a total cost of $188.0 million. The acquisition will include Pacifica's entire 1.4 million square-foot office portfolio, which includes 19 office buildings, and related operations; and 2.5 acres of land located in the Denver Tech Center. Pacifica's office properties are located in suburban Denver and Colorado Springs, Colorado.

FINANCING ACTIVITIES

The Company utilizes the most appropriate sources of capital for acquisitions, development, joint ventures and capital improvements, which sources may include undistributed funds from operations, borrowings under its revolving credit facilities, issuances of debt or equity securities and/or bank and other institutional borrowings.

REVOLVING CREDIT FACILITIES AND OTHER INDEBTEDNESS

As of December 31, 1997, the Company's two revolving credit facilities consisted of the Unsecured Facility and the Prudential Facility (each described below) with an aggregate borrowing capacity of $500.0 million and an aggregate outstanding balance of $122.1 million.

The Company has a revolving credit facility ("Prudential Facility") from Prudential Securities Credit Corp. ("PSC"), an affiliate of Prudential Securities Incorporated, in the amount of $100.0 million, which currently bears interest at 110 basis points over one-month LIBOR, and matures on March 31, 1999. The Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Company's equity interest in its property known as the Harborside Financial Center ("Harborside"). The Prudential Facility limits the ability of the Operating Partnership to make any distributions during any fiscal quarter in an amount in excess of 100 percent of the Operating Partnership's available funds from operations for the immediately preceding fiscal quarter (except to the extent such excess distributions or dividends are attributable to gains from the sale of the Operating Partnership's assets or are required for the Company to maintain its status as a REIT under the Code); provided, however, that the Operating Partnership may make distributions and pay dividends in excess of 100 percent of available funds from operations for the preceding fiscal quarter for not more than three consecutive quarters. In addition to the foregoing, the Prudential Facility limits the liens placed upon the subject property and certain collateral, the use of proceeds from the Prudential Facility, and the maintenance of ownership of the subject property and assets derived from said ownership.

In August 1997, the Company obtained an unsecured revolving credit facility (the "Unsecured Facility") in the amount of $400.0 million from a group of 13 lender banks. The unsecured Facility has a three year term and currently bears interest at 125 basis points over one-month LIBOR. Based upon the Company's achievement of an investment grade long-term unsecured debt rating, the interest rate will be reduced, on a sliding scale, and a competitive bid option will become available. The lending group for the Unsecured Facility includes: Fleet National Bank, The Chase Manhattan Bank, and Bankers Trust Company, as agents; PNC Bank, N.A., Bank of America National Trust and Savings Association, Commerzbank AG, and First National Bank of Chicago, as co-agents; and Keybank, Summit Bank, Crestar Bank, Mellon Bank, N.A., Signet Bank, and KredietBank NV.

The terms of the Unsecured Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount

of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90 percent of funds from operations (as defined therein) for such period, subject to certain other adjustments. The Unsecured Facility also requires a fee on the unused balance payable quarterly in arrears, at a rate ranging from one-eighth

of one percent to one-quarter of one percent of such balance, depending on the level of borrowings outstanding in relation to the total facility commitment.

Concurrently with the closing of the Unsecured Facility, the Company drew funds on such facility to repay in full and terminate two of the Company's existing secured revolving credit facilities and to repay in full the then outstanding balance under its Prudential Facility. In addition, in August 1997, the Company retired its remaining $64.5 million real estate mortgage investment conduit (REMIC) secured financing primarily from funds drawn on the Unsecured Facility.

On December 10, 1997, the Company obtained the Prudential Term Loan in the amount of $200.0 million from PSC. The proceeds of the loan were used to fund a portion of the cash consideration in completion of the Mack Transaction. The loan has a one-year term and bears interest at 110 basis points over one-month LIBOR.

CONTINGENT OBLIGATION

As part of the Harborside acquisition in 1996, the Company agreed to make payments (with an estimated net present value of approximately $5.7 million at December 31, 1997) to the seller for development rights ("Contingent Obligation") if and when the Company commences construction on the acquired site during the next several years. However, the agreement provides, among other things, that even if the Company does not commence construction, the seller may nevertheless require the Company to acquire these rights during the six-month period after the end of the sixth year. After such period, the seller's option lapses, but any development in years 7 through 30 will require a payment, on an increasing scale, for the development rights. The Company is currently in the pre-development phase of a long-range plan to develop the site on a multi-property, multi-use basis.

PERMANENT INDEBTEDNESS

As of December 31, 1997, the Company had outstanding an aggregate balance of approximately $644.8 million of long-term mortgage indebtedness (excluding borrowings under the Company's revolving credit facilities and other indebtedness described above).

In connection with the acquisition of an office building in Fair Lawn, Bergen County, New Jersey on March 3, 1995, the Company assumed an $18.8 million non-recourse mortgage loan ("Fair Lawn Mortgage") bearing interest at a fixed rate of 8.25 percent per annum. The loan currently requires payment of principal and interest on a 20-year amortization schedule, with the remaining principal balance due October 1, 2003. At December 31, 1997, the principal balance for the Fair Lawn Mortgage was approximately $18.0 million.

In connection with the acquisition of Harborside, on November 4, 1996, the Company assumed existing mortgage debt and was provided seller-financed mortgage debt aggregating $150.0 million. The existing financing, with a principal balance of approximately $104.8 million as of December 31, 1997, bears interest at a fixed rate of

7.32 percent per annum for a term of approximately nine years. The seller-provided financing, with a principal balance of approximately $45.2 million as of December 31, 1997, also has a term of approximately nine years and initially bears interest at a rate of 6.99 percent per annum. The interest rate on the seller-provided financing will be reset at the end of the third and sixth loan years based on the yield of the three-year treasury obligation at that time, with spreads of 110 basis points in years four through six and 130 basis points in years seven through maturity.

In connection with the RM Transaction on January 31, 1997, the Company assumed a $185.3 million non-recourse mortgage loan with Teachers Insurance

and Annuity Association of America, with interest only payable monthly at a fixed annual rate of 7.18 percent. The TIAA Mortgage is secured and cross-collateralized by 43 of the RM Properties and matures on December 31, 2003. The Company, at its option, may convert, without any yield maintenance obligation or prepayment premium, the TIAA Mortgage to unsecured public debt upon achievement by the Company of an investment credit rating of Baa3/BBB- or better. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance which is generally 100 basis points over United States Treasury obligations of similar maturity to the remaining maturity of the TIAA Mortgage at the time prepayment is being sought.

In connection with the Mack Transaction on December 11, 1997, the Company assumed an aggregate of approximately $291.9 million of mortgage indebtedness with eight separate lenders, encumbering 17 of the Mack Properties. Such debt matures at various dates from March 1998 through January 2009. The Mack Mortgages are comprised of an aggregate of approximately $199.9 million of fixed rate debt bearing interest at a weighted average rate of approximately 7.66 percent per annum, certain of which require monthly principal amortization payments, and an aggregate of approximately $91.9 million in variable rate debt bearing interest at a weighted average floating rate of approximately 76 basis points over LIBOR. At December 31, 1997, the aggregate principal balances for the Mack Mortgages was approximately $291.5 million.

INTEREST RATE CONTRACTS:

The Company has an interest rate swap agreement with a commercial bank. The swap agreement fixes the Company's one-month LIBOR base to 6.285 percent per annum on a notional amount of $24.0 million through August 1999.

The Company has another interest rate swap agreement with a commercial bank. This swap agreement has a three-year term and a notional amount of $26.0 million, which fixes the Company's one-month LIBOR base to 5.265 percent per annum through January 1999.

On November 20, 1997, the Company entered into a seven-year, interpolated U.S. Treasury interest rate lock agreement with a commercial bank. The agreement fixes the Company's base Treasury rate at 5.88 percent per annum on a notional amount of $150.0 million.

The Company is exposed to credit loss in the event of non-performance by the other parties to the interest rate contracts. However, the Company does not anticipate non-performance by any of its counterparties.

FIRST QUARTER 1998 FINANCING ACTIVITY:

On February 26, 1998, the Company obtained a commitment from Prudential Insurance Company of America for a $150.0 million secured loan. The seven-year, secured loan will bear interest only at a fixed annual rate of 115 basis points above the interpolated U.S. Treasury rate.

On March 10, 1998, the Company obtained a commitment from The Chase Manhattan Bank and Fleet National Bank to expand the Unsecured Facility by $400.0 million, from $400.0 million to $800.0 million. The Unsecured Facility will have a three-year term and will bear interest at 110 basis points over LIBOR.

EQUITY OFFERINGS AND SHELF REGISTRATION STATEMENTS:

On October 15, 1997, the Company completed an underwritten public offer and sale of 13,000,000 shares of its Common Stock using several different Underwriters to underwrite such public offer and sale. The shares were issued from the Company's $1.0 billion shelf registration statement (declared effective on January 7, 1997). The Company received approximately $489.1 million in net proceeds (after offering costs) from the October 1997 offering, and used such funds to pay down outstanding borrowings on its revolving credit facilities, to fund a portion of the purchase price of the Mack Transaction and to invest in certain short-term investments.

The Company filed a shelf registration statement with the SEC for an aggregate amount of $2.0 billion in equity securities of the Company, which was declared effective on January 29, 1998. The Company presently has not issued any securities under this shelf registration.

On February 25, 1998, the Company completed an underwritten public offer and sale of 2,500,000 shares of its common stock (the "1998 Offering") and used the net proceeds of approximately $92.0 million (after offering costs) to pay down a portion of its outstanding borrowings under the Unsecured Facility and to fund the acquisition of Mountainview. The Company used a sole underwriter to underwrite such offer and sale.

On March 18, 1998, the Company completed the sale of 2,705,628 shares of its Common Stock pursuant to a Stock Purchase Agreement with The Prudential Insurance Company of America, Strategic Value Investors, LLC and Strategic Value Investors International, LLC (the "Equity Placement"). The Company received approximately $100.0 million in proceeds and subsequently on March 27, 1998, used such funds to finance a portion of the purchase price of the Prudential Business Campus acquisition.

On March 27, 1998, the Company completed an underwritten offer and sale of 650,407 shares of its Common Stock using a sole underwriter for such offer and sale. The Company received approximately $23.7 million in net proceeds (after offering costs) and used such funds to reduce outstanding borrowings under its revolving credit facilities and for general corporate purposes."

2. ITEM 13 IS HEREBY AMENDED AND RESTATED TO INCLUDE THE FOLLOWING LANGUAGE:

"CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain directors and executive officers of the Company (or members of their immediate families or related trusts) and persons who hold more than 5 percent of the outstanding shares of Common Stock (or Units in the Operating Partnership) ("Specified Individuals") had direct or indirect interests in certain transactions of the Company or the Operating Partnership in the last fiscal year as follows:

- Upon the closing of the Mack Transaction, Mack was issued an aggregate of 3,972,318 common Units, 230,562 preferred Units and 2,000,000 Warrants to purchase common Units. The Warrants and the common and preferred Units represent the equivalent of 12,626,344 shares of Common Stock. In addition, 2,006,432 contingent common Units and 19,694 contingent preferred Units representing the equivalent of 2,574,801 shares of Common Stock (collectively, the "Contingent Units") were issued to Mack as contingent, non-participating Units. Redemption of such Contingent Units will occur upon the achievement of certain performance goals relating to certain of the properties acquired by the Company in connection with the Mack Transaction. The only Specified Individuals who received any such consideration were William L. Mack, Earle I. Mack and Mitchell E. Hersh. William L. Mack was issued 3,044,665 Units (of which 486,621 are contingent Units and 465,887 are Warrants to purchase common Units), trusts of which he or his wife is a trustee own 977,963 Units (of which 32,885 are contingent Units and 149,930 are Warrants to purchase common Units), and a partnership to which Mr. Mack possesses sole or shared dispositive or voting power owns 413,137 Units (of which 63,334 are Warrants to purchase common Units). Mitchell E. Hersh was issued 119,772 Units, and in connection with his employment agreement received warrants to purchase 339,976 shares of Common Stock at an exercise price of $38.75 per share. Earle I. Mack was issued 2,662,890 Units (of which 464,354 are contingent Units and 408,763 are Warrants to purchase common Units).

- In January 1997, pursuant to their employment agreements, Thomas A. Rizk, Roger W. Thomas, Barry Lefkowitz, James Nugent and Albert Spring purchased 96,000, 16,000, 16,000, 12,800 and 11,200 shares, respectively, of the Company's Common Stock, and were provided fixed-rate, non-recourse stock acquisition loans ("Stock Acquisition Loans") by the Company in the amounts of $3,000,000, $500,000, $500,000, $400,000 and $350,000,

respectively, to finance such purchases, which, together with interest thereon, the Company agreed to forgive ratably in five annual installments on each anniversary date of the incurrence of such loan under certain terms and conditions, including the continued employment of each executive with the Company. In addition, John R. Cali, Brant Cali, Thomas A. Rizk, Roger W. Thomas, Barry Lefkowitz, James Nugent and Albert Spring were issued 55,555, 55,555, 55,555, 9,260, 9,260, 7,405 and 6,480 restricted shares ("Restricted Stock"), respectively, of Common Stock pursuant to their respective January 1997 employment agreements, which were to vest ratably in five annual installments on each anniversary of the date of grant, subject to the satisfaction of certain conditions.

- Upon the closing of the Mack Transaction in December 1997, certain conditions in the January 1997 employment agreements of each of the aforementioned senior executives were triggered, thereby resulting in the acceleration of the vesting of the Restricted Stock and certain stock options, and the forgiveness of the Stock Acquisition Loans (including interest thereon), including the payment of certain tax

gross-up amounts. The value of accelerated vesting in Restricted Stock, Stock Acquisition Loan forgiveness (including interest thereon), stock options and the tax gross-up payments determined to be payable for each executive upon consummation of the Mack Transaction, based on a $39.00 stock price, which price approximated the market price of the Company's Common Stock at the close of business on or about the date of closing of the Mack Transaction, is as follows: Mr. Rizk, Restricted Stock $2,166,645, Stock Acquisition Loan forgiveness $3,169,462, options $918,750, tax gross-up $2,134,443; for each of Brant Cali and John R. Cali, Restricted Stock $2,166,645, options $918,750, tax gross-up $866,658; for each of Messrs. Thomas and Lefkowitz, Restricted Stock $361,140, Stock Acquisition Loan forgiveness $528,244, options $357,000, tax gross-up $355,754; Mr. Nugent, Restricted Stock $288,795, Stock Acquisition Loan forgiveness $422,595, options $357,000, tax gross-up $284,556; and Mr. Spring, Restricted Stock $252,720, Stock Acquisition Loan forgiveness $369,771, options $408,000, tax gross-up $248,996.

o Under each of Messrs. Rizk's, Brant Cali's and John R. Cali's January 1997 employment agreements with the Company, each executive was entitled under certain circumstances to resign for "good reason" (as defined in the employment agreements) and to receive payment under the employment agreements of the applicable amounts specified in the previous paragraph as well as certain severance payments (totaling $9,103,269 for Mr. Rizk and $5,681,635 for each of Brant Cali and John R. Cali). Furthermore, upon a resignation for "good reason," each such executive could immediately compete directly with the Company. "Good Reason," as defined in each executive's employment agreement, included any material and substantial breach of such executive's employment agreement by the Company or a material reduction in such executive's annual base salary or other benefits. In

view of the significant changes in the overall authority, duties and responsibilities of these individuals resulting from the Mack Transaction, the Compensation Committee determined and the Board of Directors of the Company concurred that consummation of the Mack Transaction would have constituted such a material and substantial breach and would have entitled each of these senior executives to terminate his employment for good reason, receive such payments and thereafter not be subject to the non-competition provisions of his employment agreement. However, the Compensation Committee and the Board of Directors concluded that the continued employment of and lack of competition by these senior executives is essential to the continued success of the Company's business and in the best interests of the Company and its stockholders. Therefore, the Board of Directors, in its discretion, authorized the Company to enter into new employment agreements with these senior executives, effective upon the consummation of the Mack Transaction, pursuant to which, among other things, the senior executives were paid the amounts referenced above in cancellation of their January 21, 1997 employment agreements. In such new employment agreement, each of the senior executives waived any right he may have had to sever employment and to compete with the Company as a result of the Mack Transaction. See "Employment Contracts; Termination of Employment" in the Company's Definitive Proxy Statement, dated March 31, 1998.

o Upon the closing of the Mack Transaction in December 1997, certain conditions in the employment agreements of Messrs. Jones and Berger were triggered, thereby causing the acceleration of the vesting of certain warrants and options valued at approximately $1,034,000 for each of Messrs. Jones and Berger, assuming a $39.00 stock price, which price approximated the market price of the Company's Common Stock at the close of business on or about the date of closing of the Mack Transaction.

o In recognition of the performance and valued service of Messrs. Thomas, Lefkowitz, Nugent and Spring, the Board of Directors authorized the payment to each of these senior executives, upon the consummation of the Mack Transaction in December 1997, of an additional discretionary tax gross-up payment in order to enable these executives to meet their respective full tax obligations related to the accelerated vesting of their Restricted Stock and forgiveness of their Stock Acquisition Loans. These additional discretionary tax gross-up payments enabled each of the senior executives to maintain their equity positions in the Company which may have otherwise been liquidated to meet their respective full tax obligations. The amounts were as follows: Messrs. Thomas and Lefkowitz $400,222; Mr. Nugent $320,126; and Mr. Spring $280,121.

o In December 1997, Messrs. Rizk, Jones, Berger, Thomas, Lefkowitz, Nugent and Spring, in recognition of their contributions and valued service with regard to the successful origination, structuring and

completion of the Mack Transaction and in recognition of other services performed by them during the

fiscal year, each were granted a discretionary incentive and merit bonus as determined by the Board of Directors as follows: Mr. Rizk, $1,195,000; Messrs. John R. Cali and Brant Cali, $175,000 each; Messrs. Jones and Berger, $1,575,000 each; Mr. Thomas $800,000; Mr. Lefkowitz $725,000; Mr. Nugent, $400,000; and Mr. Spring, $450,000."

SIGNATURES

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

MACK-CALI REALTY CORPORATION
(Registrant)

Date: August 5, 1998 /s/ Barry Lefkowitz
Barry Lefkowitz
Executive Vice President
and Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Roger W. Thomas or Barry Lefkowitz or any one of them, his or her attorneys-in-fact and agents, each with full power of substitution and resubstitution for him or her in any and all capacities, to sign any or all amendments to this report pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, as amended, and to file the same, with exhibits thereto and other documents in connection herewith, with the Securities and Exchange Commission, granting unto each of such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that each of such attorneys-in-fact and agents or his or her substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Date: August 5, 1998 /s/ Thomas A. Rizk
Thomas A. Rizk
Chief Executive Officer and Director

Date: August 5, 1998 /s/ Mitchell E. Hersh
Mitchell E. Hersh
President, Chief Operating Officer
and Director

Date: August 5, 1998 /s/ Barry Lefkowitz
Barry Lefkowitz
Executive Vice President
and Chief Financial Officer

Date: August 5, 1998 /s/ John J. Cali
John J. Cali

Chairman of the Board

Date: August 5, 1998	---------------------------- William L. Mack Director
Date: August 5, 1998	/s/ Brendan T. Byrne ---------------------------- Brendan T. Byrne Director
Date: August 5, 1998	---------------------------- Martin D. Gruss Director

Date: August 5, 1998	/s/ Jeffrey B. Lane ---------------------------- Jeffrey B. Lane Director
Date: August 5, 1998	---------------------------- Earle I. Mack Director
Date: August 5, 1998	---------------------------- Paul A. Nussbaum Director
Date: August 5, 1998	/s/ Alan G. Philibosian ---------------------------- Alan G. Philibosian Director
Date: August 5, 1998	---------------------------- Dr. Irvin D. Reid Director
Date: August 5, 1998	---------------------------- Vincent Tese Director
Date: August 5, 1998	/s/ Robert F. Weinberg ---------------------------- Robert F. Weinberg Director

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (Nos.333-19101, 33-96542, 333-09081, 333-09875, 333-25475, 333-44433 and 333-44441) and the Registration Statements on Form S-8 (Nos. 333-18275, 33-91822, 33-19831, 333-32661 and 333-44443) of Mack-Cali Realty Corporation of our report dated February 26, 1998, appearing in this Form 10-K/A.

/s/ PricewaterhouseCoopers LLP

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PricewaterhouseCoopers LLP
New York, New York
August 5, 1998