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

FORM 10-K

[X] ANNUAL REPORT PURSUANT 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 Number: 1-13274

MACK-CALI REALTY CORPORATION

(Exact Name of Registrant as specified in its charter)

Maryland	22-3305147
(State or other jurisdiction of incorporation or organization)	(IRS 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 the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [X]

As of March 27, 1998, the aggregate market value of the voting stock held by non-affiliates of the registrant was $2,180,886,172. 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 March 27, 1998, 55,830,686 shares of common stock, $0.01 par value, of the Company ("Common Stock") were outstanding.

LOCATION OF EXHIBIT INDEX: The index of exhibits is contained in Part IV herein on page number 59.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's annual meeting of shareholders to be held on May 21, 1998 are incorporated by reference in Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

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 the TIAA Mortgage to unsecured debt upon achievement by the Company of an investment credit rating of Baa3/BBB- or better. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance.

The RM Properties, 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 terms of the Prudential Facility include certain restrictions and covenants that limit, among other things, dividend payments and additional indebtedness and that require compliance with specified financial ratios and other financial measurements.

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, dividend payments and additional indebtedness and which require compliance with specified financial ratios and other financial measurements. 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.

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 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.

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.

ITEM 2. PROPERTIES

GENERAL

As of December 31, 1997, the Company owned 183 office, office/flex and industrial/warehouse properties, ranging from one to 19 stories, as well as two multi-family residential properties, two stand-alone retail properties and two land leases. The Properties are located primarily in the Northeast and Southwest. The Properties are easily accessible from major thoroughfares and are in close proximity to numerous amenities. The Properties contain a total of approximately 22.0 million square feet, with the individual Properties ranging from approximately 6,600 to 761,200 square feet. The Properties, managed by on-site employees, generally have attractively landscaped sites, atriums and covered parking in addition to quality design and construction. The Company's tenants include many service sector employers, including a large number of professional firms and national and international businesses. The Company believes that all of its Properties are well-maintained and do not require significant capital improvements.

The following tables set forth certain information relating to each of the Office Properties, the Office/Flex Properties, and the Industrial/Warehouse Properties.

<TABLE>
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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	Average Base Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
The Office Properties:							
ATLANTIC COUNTY, NEW JERSEY							
Egg Harbor							
100 Decadon Drive	1987	40,422	100.0	772	772	0.38	19.10
200 Decadon Drive	1991	39,922	67.4	528	505	0.26	19.62
BERGEN COUNTY, NEW JERSEY							
Fair Lawn							
17-17 Route 208 North	1987	143,000	100.0	3,424	3,391	1.71	23.94
Fort Lee							
One Bridge Plaza	1981	200,000	98.7	4,163	4,124	2.07	21.09
Little Ferry							
200 Riser Road (7)	1974	286,628	100.0	110	110	0.05	6.67
Montvale							
95 Chestnut Ridge Road (7)	1975	47,700	100.0	32	32	0.02	11.66
135 Chestnut Ridge Road (7)	1981	66,150	100.0	69	69	0.03	

18.13						
Paramus						
140 Ridgewood Avenue (7)	1981	239,680	99.0	296	295	0.15
21.68						
15 East Midland Avenue (7)	1988	259,823	100.0	375	375	0.19
25.09						
461 From Road (7)	1988	253,554	99.8	334	334	0.17
22.94						
650 From Road (7)	1978	348,510	100.0	428	428	0.21
21.35						
61 South Paramus Avenue (7)	1985	269,191	96.2	322	322	0.16
21.61						
Rochelle Park						
120 Passaic Street (7)	1972	52,000	100.0	32	32	0.02
10.70						
365 West Passaic Street (7)	1976	212,578	81.2	192	191	0.10
19.33						
Saddle River						
1 Lake Street (7)	1973/94	474,801	100.0	421	421	0.21
15.41						
Woodcliff Lake						
400 Chestnut Ridge Road (7)	1982	89,200	100.0	120	120	0.06
23.38						
470 Chestnut Ridge Road (7)	1987	52,500	100.0	67	67	0.03
22.18						
530 Chestnut Ridge Road (7)	1986	57,204	100.0	66	66	0.03
20.05						
50 Tice Boulevard	1984	235,000	99.1	4,676	4,011	2.33
20.09						
300 Tice Boulevard	1991	230,000	100.0	4,723	4,711	2.35
20.53						
BURLINGTON COUNTY, NEW JERSEY						
Moorestown						
224 Strawbridge Drive (7)	1984	74,000	49.2	--	--	--
--						
228 Strawbridge Drive (7)	1984	74,000	--	--	--	--
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Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
<S>	<C>	<C>
The Office Properties:		
ATLANTIC COUNTY, NEW JERSEY		
Egg Harbor		
100 Decadon Drive	19.10	Computer Sciences Corp. (80%), United States of America (20%)
200 Decadon Drive	18.77	Advanced Casino Systems Corp. (24%), Computer Sciences Corp. (17%), Dimensions International Inc. (15%)
BERGEN COUNTY, NEW JERSEY		
Fair Lawn		
17-17 Route 208 North	23.71	Lonza, Inc. (63%), Federal Insurance Company/Chubb (16%), Boron-Lepore Assoc., Inc. (10%)
Fort Lee		
One Bridge Plaza	20.89	Broadview Associates LLP (16%), Bozell Worldwide, Inc. (14%), Coopers & Lybrand L.L.P. (13%)
Little Ferry		
200 Riser Road (7)	6.67	Ford Motor Company (34%), Sanyo Fischer Service Corp. (33%), Dassault Falcon Jet Corp. (33%)
Montvale		
95 Chestnut Ridge Road (7)	11.66	Roussel-UCLAF Holding Corp (100%)
135 Chestnut Ridge Road (7)	18.13	Alliance Funding Company (100%)
Paramus		
140 Ridgewood Avenue (7)	21.61	AT&T Wireless Services, Inc. (46%), Smith Barney Shearson (19%)
15 East Midland Avenue (7)	25.09	AT&T Wireless Services, Inc. (98%)
461 From Road (7)	22.94	Toys 'R' Us, Inc. (92%)
650 From Road (7)	21.35	Western Union Financial Services, Inc. (38%), Long Beach Acceptance Corp. (10%)
61 South Paramus Avenue (7)	21.61	Dun & Bradstreet Software Services, Inc. (10%)
Rochelle Park		
120 Passaic Street (7)	10.70	Electronic Data Systems Corp. (100%)
365 West Passaic Street (7)	19.23	Sizes Unlimited Inc. (26%), Catalina Marketing Corp. (10%), Financial Telesis Inc. (10%)
Saddle River		
1 Lake Street (7)	15.41	Prentice-Hall Inc. (100%)
Woodcliff Lake		
400 Chestnut Ridge Road (7)	23.38	Timeplex, Inc. (100%)
470 Chestnut Ridge Road (7)	22.18	Andermatt LP (100%)

530 Chestnut Ridge Road (7)	20.05	KPMG Peat Marwick, LLP (100%)
50 Tice Boulevard	17.22	Syncsort, Inc (22%)
300 Tice Boulevard	20.48	Merck-Medco Managed Care LLC (20%), Xerox Corp. (14%), Chase Home Mortgage Corp. (12%), Comdisco, Inc. (11%), NYCE, Corp. (11%)
BURLINGTON COUNTY, NEW JERSEY		
Moorestown		
224 Strawbridge Drive (7)	--	Allstate Insurance Co. (49%)
228 Strawbridge Drive (7)	--	

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Base Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ESSEX COUNTY, NEW JERSEY							
Millburn							
150 J.F. Kennedy Parkway (7)	1980	247,476	100.0	369	369	0.18	25.92
Roseland							
101 Eisenhower Parkway	1980	237,000	94.2	3,614	3,343	1.80	16.19
103 Eisenhower Parkway	1985	151,545	100.0	3,223	2,974	1.61	21.27
HUDSON COUNTY, NEW JERSEY							
Jersey City							
95 Christopher Columbus Drive	1989	621,900	100.0	12,788	11,594	6.37	20.56
Harborside Financial Center Plaza I	1983	400,000	98.7	8,022	8,022	4.00	20.32
Harborside Financial Center Plaza II	1990	761,200	99.4	15,265	15,133	7.60	20.17
Harborside Financial Center Plaza III	1990	725,600	97.0	14,554	14,554	7.25	20.68
MERCER COUNTY, NEW JERSEY							
Princeton							
5 Vaughn Drive	1987	98,500	97.3	2,102	2,072	1.05	21.93
400 Alexander Road	1987	70,550	100.0	1,253	1,054	0.62	17.76
103 Carnegie Center	1984	96,000	99.1	1,758	1,705	0.88	18.48
100 Overlook Center (7)	1988	149,600	97.9	143	143	0.07	27.41
MIDDLESEX COUNTY, NEW JERSEY							
East Brunswick							
377 Summerhill Road (7)	1977	40,000	100.0	21	21	0.01	9.13
South Brunswick							
3 Independence Way (7)	1983	111,300	100.0	672	672	0.33	18.36
Woodbridge							
581 Main Street (7)	1991	200,000	61.2	191	190	0.10	27.12
MONMOUTH COUNTY, NEW JERSEY							
Neptune							
3600 Route 66	1989	180,000	100.0	2,412	2,412	1.20	13.40
Wall Township							
1305 Campus Parkway	1988	23,350	92.4	402	381	0.20	18.65
1350 Campus Parkway	1990	79,747	91.7	1,106	1,068	0.55	15.14
MORRIS COUNTY, NEW JERSEY							

Florham Park							
325 Columbia Parkway	1987	168,144	100.0	3,528	3,081	1.76	20.98

</TABLE>

<TABLE>
<CAPTION>

Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
<S>	<C>	<C>
ESSEX COUNTY, NEW JERSEY		
Millburn		
150 J.F. Kennedy Parkway (7)	25.92	KPMG Peat Marwick, LLP (42%), Budd Larner Gross (23%), Coldwell Banker Residential Real Estate (13%)
Roseland		
101 Eisenhower Parkway	14.97	Arthur Andersen, LLP (32%), Brach, Eichler, Rosenberg, Silver, Bernstein & Hammer (13%)
103 Eisenhower Parkway	19.62	Ravin, Sarasohn, Cook, Baumgarten (18%), Lum, Danzis, Drasco (15%), Chelsea GCA Realty (15%)
HUDSON COUNTY, NEW JERSEY		
Jersey City		
95 Christopher Columbus Drive	18.64	Donaldson, Lufkin & Jenrette Securities Corp. (66%), NTT Data Corp. (22%)
Harborside Financial Center Plaza I	20.32	Bankers Trust Harborside, Inc. (96%)
Harborside Financial Center Plaza II	20.00	Dow Jones Telerate Systems, Inc. (44%), Dean Witter Trust Company (24%), BTM Information Services (13%), Lewco Sercurities (11%)
Harborside Financial Center Plaza III	20.68	AICPA (34%), Bank of Tokyo Information Services, Inc. (21%)
MERCER COUNTY, NEW JERSEY		
Princeton		
5 Vaughn Drive	21.62	U.S. Trust of NJ (19%), Woodrow Wilson National Fellowship Foundation (14%), Princeton Venture Research Corp. (14%), Villeroy & Boch Tableware Ltd. (11%)
400 Alexander Road	14.94	Berlitz International Inc. (100%)
103 Carnegie Center	17.92	Ronin Development Corp. (15%)
100 Overlook Center (7)	27.41	Squibb-Novo Inc. (24%), Xerox Corp. (24%), Hydrocarbon Research, Inc. (14%), Hannoch Weisman (10%)
MIDDLESEX COUNTY, NEW JERSEY		
East Brunswick		
377 Summerhill Road (7)	9.13	Greater New York Mutual Insurance Company (100%)
South Brunswick		
3 Independence Way (7)	18.36	Merrill Lynch Pierce Fenner & Smith (72%)
Woodbridge		
581 Main Street (7)	26.98	First Investors Management Company, Inc. (41%)
MONMOUTH COUNTY, NEW JERSEY		
Neptune		
3600 Route 66	13.40	The United States Life Insurance Company (100%)
Wall Township		
1305 Campus Parkway	17.68	McLaughlin, Bennet, Gelson (35%), Centennial Cellular Corp. (35%), NJ Natural Energy Co. (10%)
1350 Campus Parkway	14.62	Meridan Health Realty Corp. (22%), New Jersey National Bank (17%), Stephen E. Gertler (17%), Hospital Computer Systems Inc. (11%)
MORRIS COUNTY, NEW JERSEY		
Florham Park		
325 Columbia Parkway	18.32	Bressler Amery & Ross (24%), General Motors Acceptance Corp. (14%), Dun & Bradstreet Inc. (12%)

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Base Rent Per Sq. Ft. (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Parsippany						
600 Parsippany Road	1978	96,000	100.0	1,476	1,440	0.74
15.38						
Morris Plains						
201 Littleton Road (7)	1979	88,369	100.0	95	95	0.05
18.69						
250 Johnston Road (7)	1977	75,000	100.0	64	64	0.03
14.83						
Morris Township						
340 Mt. Kemble Avenue (7)	1985	387,000	100.0	312	312	0.16
14.01						
412 Mt. Kemble Avenue (7)	1986	475,100	100.0	390	390	0.19
14.27						
PASSAIC COUNTY, NEW JERSEY						
Clifton						
777 Passaic Avenue	1983	75,000	69.7	935	814	0.47
17.89						
Totowa						
999 Riverview Drive	1988	56,066	91.9	923	908	0.46
17.91						
Wayne						
201 Willowbrook Boulevard (7)	1970	178,329	99.0	141	140	0.07
13.88						
SOMERSET COUNTY, NEW JERSEY						
Basking Ridge						
222 Mt. Airy Road	1986	49,000	100.0	434	434	0.22
8.86						
233 Mt. Airy Road	1987	66,000	100.0	762	740	0.38
11.55						
Bridgewater						
721 Route 202/206 (7)	1989	192,741	100.0	220	220	0.11
19.84						
UNION COUNTY, NEW JERSEY						
Clark						
100 Walnut Avenue	1985	182,555	87.6	3,688	3,214	1.84
23.07						
Cranford						
6 Commerce Drive	1973	56,000	100.0	948	850	0.47
16.93						
11 Commerce Drive (6)	1981	90,000	82.2	1,063	947	0.53
14.39						
12 Commerce Drive (7)	1967	72,260	88.1	34	34	0.02
9.28						
20 Commerce Drive	1990	176,600	81.0	3,077	2,641	1.53
21.51						
65 Jackson Drive	1984	82,778	100.0	1,460	1,101	0.73
17.64						
New Providence						
890 Mountain Road (7)	1977	80,000	100.0	92	92	0.05
19.99						

</TABLE>

<TABLE>
<CAPTION>

Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
<S>	<C>	<C>
Parsippany		
600 Parsippany Road	15.00	Metropolitan Life Insurance Co. (36%), IBM Corporation (30%)
Morris Plains		
201 Littleton Road (7)	18.69	Poppe Tyson, Inc. (34%), Xerox Corp. (29%), Willis Corroon Corp. of New Jersey (20%), CHEP USA (11%)
250 Johnston Road (7)	14.83	Electronic Data Systems Corp. (100%)
Morris Township		
340 Mt. Kemble Avenue (7)	14.01	AT&T Corp. (100%)
412 Mt. Kemble Avenue (7)	14.27	AT&T Corp. (100%)
PASSAIC COUNTY, NEW JERSEY		
Clifton		
777 Passaic Avenue	15.57	Motorola Inc. (19%)
Totowa		
999 Riverview Drive	17.62	Bank of New York (47%), Commonwealth Land Title Insurance Co. (11%),

		Bankers Mortgage Company (10%)
Wayne		
201 Willowbrook Boulevard (7)	13.78	The Grand Union Co. (76%), Woodward-Clyde Consultants (23%)
SOMERSET COUNTY, NEW JERSEY		
Basking Ridge		
222 Mt. Airy Road	8.86	Lucent Technologies Inc. (100%)
233 Mt. Airy Road	11.21	AT&T Corp. (100%)
Bridgewater		
721 Route 202/206 (7)	19.84	Allstate Insurance Company (37%), Norris, McLaugin & Marcus, PA (31%), AT&T Corp. (20%)
UNION COUNTY, NEW JERSEY		
Clark		
100 Walnut Avenue	20.10	BDSI, Inc. (34%), Allstate Insurance Company (13%), The Equitable Life Assurance Society of the United States (10%)
Cranford		
6 Commerce Drive	15.18	Excel Scientific Protocols, Inc. (32%), Public Service Electric & Gas Co. (18%), Columbia National, Inc. (13%)
11 Commerce Drive (6)	12.82	Northeast Administrators (10%)
12 Commerce Drive (7)	9.28	Dames & Moore (42%), Registrar & Transfer Co. (23%), Body Connections, Inc. (20%)
20 Commerce Drive	18.46	Public Service Electric & Gas Co. (26%)
65 Jackson Drive	13.30	Kraft General Foods, Inc. (35%), Allstate Insurance Co. (27%), Procter & Gamble Distribution Co., Inc. (18%), Unum Life Insurance Co. (14%)
New Providence		
890 Mountain Road (7)	19.99	Allstate Insurance Co. (59%), Dun & Bradstreet (25%), K Line America, Inc. (16%)

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Base Rent Per Sq. Ft. (4)
DUTCHESS COUNTY, NEW YORK							
Fishkill							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
300 South Lake Drive (7)	1987	118,727	98.7	114	114	0.06	16.91
NASSAU COUNTY, NEW YORK							
North Hempstead							
111 East Shore Road (7)	1980	55,575	100.0	86	86	0.04	26.90
600 Community Drive (7)	1983	206,274	100.0	280	280	0.14	23.59
ROCKLAND COUNTY, NEW YORK							
Suffern							
400 Rella Boulevard	1988	180,000	98.3	3,214	3,169	1.60	18.16
WESTCHESTER COUNTY, NEW YORK							
Elmsford							
100 Clearbrook Road (6) (7)	1975	60,000	65.2	698	698	0.35	19.44
101 Executive Boulevard (7)	1971	50,000	79.0	834	828	0.42	23.00
570 Taxter Road (7)	1972	75,000	97.6	1,277	1,271	0.64	19.01
Hawthorne							
1 Skyline Drive (7)	1980	20,400	99.0	164	164	0.08	8.85
2 Skyline Drive (7)	1987	30,000	85.9	440	440	0.22	18.60
17 Skyline Drive (7)	1989	85,000	100.0	1,260	1,260	0.63	16.15
30 Saw Mill River Road (7)	1982	248,400	100.0	4,100	4,100	2.04	17.98
Tarrytown							
200 White Plains Road (7)	1982	89,000	98.5	1,552	1,483	0.77	19.29
220 White Plains Road (7)	1984	89,000	93.2	1,626	1,611	0.81	

21.36						
White Plains						
1 Barker Avenue (7)	1975	68,000	93.3	1,371	1,367	0.68
23.54						
3 Barker Avenue (7)	1983	65,300	100.0	1,165	1,156	0.58
19.44						
1 Water Street (7)	1979	45,700	99.8	871	870	0.43
20.81						
11 Martine Avenue (7)	1987	180,000	94.4	3,793	3,753	1.89
24.32						
50 Main Street (7)	1985	309,000	94.5	6,407	6,387	3.19
23.91						
Yonkers						
1 Executive Boulevard (7)	1982	112,000	100.0	1,780	1,767	0.89
17.32						
3 Executive Plaza (7)	1987	58,000	100.0	1,131	1,131	0.56
21.25						
CHESTER COUNTY, PENNSYLVANIA						
Berwyn						
1000 Westlakes Drive (7)	1989	60,696	98.3	866	866	0.43
22.26						
1055 Westlakes Drive (7)	1990	118,487	100.0	1,513	1,513	0.75
19.58						

Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
DUTCHESS COUNTY, NEW YORK		
Fishkill		
300 South Lake Drive (7)	16.91	Allstate Insurance Company (16%)
NASSAU COUNTY, NEW YORK		
North Hempstead		
111 East Shore Road (7)	26.90	Adminstrations For The Professions, Inc. (100%)
600 Community Drive (7)	23.59	CMP Media, Inc. (100%)
ROCKLAND COUNTY, NEW YORK		
Suffern		
400 Rella Boulevard	17.91	The Prudential Insurance Co. (21%), Provident Savings F.A. (20%), Allstate Insurance Co. (16%), John Alden Life Insurance Co. (11%)
WESTCHESTER COUNTY, NEW YORK		
Elmsford		
100 Clearbrook Road (6) (7)	19.44	
101 Executive Boulevard (7)	22.84	Pennysaver Group Inc. (23%), MCS Business Solutions Inc. (11%)
570 Taxter Road (7)	18.92	Connecticut General Life (16%), New York State United Teachers Association (10%)
Hawthorne		
1 Skyline Drive (7)	8.85	Boxx International Corp. (50%), Childtime Childcare Inc. (49%)
2 Skyline Drive (7)	18.60	Perini Construction (45%), MW Samara (41%)
17 Skyline Drive (7)	16.15	IBM Corp. (100%)
30 Saw Mill River Road (7)	17.98	IBM Corp. (100%)
Tarrytown		
200 White Plains Road (7)	18.43	Independent Health Associates (28%), Allmerica Financial (17%), NYS Dept. of Environmental Services (13%)
220 White Plains Road (7)	21.16	Stellare Management Corp. (11%)
White Plains		
1 Barker Avenue (7)	23.48	O'Connor McGuinn Conte (19%), United Skys Realty Corp. (18%)
3 Barker Avenue (7)	19.29	Bernard C. Harris Publishing Co. Inc. (56%)
1 Water Street (7)	20.76	Trigen Energy Co. (37%), Stewart Title Insurance Co. (16%)
11 Martine Avenue (7)	24.06	McCarthy Fingar Donovan (11%), David Worby (11%)
50 Main Street (7)	23.83	National Economic Research (10%)
Yonkers		
1 Executive Boulevard (7)	17.19	Wise Contact US Optical (12%), Protective Tech International (11%), York International Agency (11%)
3 Executive Plaza (7)	21.25	GMAC/MIC (48%), Metropolitan Life Insurance (29%), City & Suburban Federal Savings Bank (15%)
CHESTER COUNTY, PENNSYLVANIA		
Berwyn		
1000 Westlakes Drive (7)	22.26	PNC Bank, NA (38%), Drinker Biddle & Reath (24%), Manchester, Inc. (14%)
1055 Westlakes Drive (7)	19.58	Tokai Financial Services Inc. (92%)

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Base Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1205 Westlakes Drive (7)	1988	130,265	99.1	1,748	1,748	0.87	20.77
1235 Westlakes Drive (7)	1986	134,902	99.8	1,787	1,786	0.89	20.36
DELAWARE COUNTY, PENNSYLVANIA							
Media							
1400 Providence Road - Center I	1986	100,000	98.3	1,865	1,840	0.93	18.99
1400 Providence Road - Center II	1990	160,000	97.9	3,010	2,996	1.50	19.22
Lester							
100 Stevens Drive	1986	95,000	99.7	2,074	2,074	1.03	21.90
200 Stevens Drive	1987	208,000	99.8	3,940	3,940	1.96	18.98
300 Stevens Drive	1992	68,000	100.0	1,416	1,416	0.71	20.82
MONTGOMERY COUNTY, PENNSYLVANIA							
Lower Providence							
1000 Madison Avenue (7)	1990	100,700	96.5	181	181	0.09	15.18
Plymouth Meeting							
Five Sentry Parkway East	1984	91,600	100.0	1,427	1,427	0.71	15.58
Five Sentry Parkway West	1984	38,400	100.0	638	638	0.32	16.61
1150 Plymouth Meeting Mall (7)	1970	167,748	91.8	103	103	0.05	11.63
FAIRFIELD COUNTY, CONNECTICUT							
Shelton							
1000 Bridgeport Avenue (7)	1986	133,000	85.3	983	983	0.49	20.67
BEXAR COUNTY, TEXAS							
San Antonio							
111 Soledad (7)	1918	248,153	92.0	83	83	0.04	6.32
1777 N.E. Loop 410 (7)	1986	256,137	95.4	188	188	0.09	13.38
84 N.E. Loop 410 (7)	1971	187,312	91.4	141	141	0.07	14.32
200 Concord Plaza Drive (7)	1986	248,700	97.2	159	159	0.08	18.47
COLLIN COUNTY, TEXAS							
Plano							
555 Republic Place (7)	1986	97,889	100.0	65	65	0.03	11.54

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<TABLE>
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Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)

<S>	<C>	<C>
1205 Westlakes Drive (7)	20.77	Provident Mutual Life Insurance Co. (35%), Oracle Corp. (30%)
1235 Westlakes Drive (7)	20.34	Pepper Hamilton & Scheetz (18%), Ratner & Prestia (14%), Turner Investment Partners (10%)
DELAWARE COUNTY, PENNSYLVANIA		
Media		
1400 Providence Road - Center I	18.74	Erie Insurance Company (11%)
1400 Providence Road - Center II	19.13	Barnett International (36%)
Lester		
100 Stevens Drive	21.90	SAP America, Inc. (82%)
200 Stevens Drive	18.98	PNC Bank NA (52%), Keystone Mercy Health Plan (35%)
300 Stevens Drive	20.82	SAP America, Inc. (50%), McLaren Hart Environmental Engineering Corp. (33%), Keystone Mercy Health Plan (14%)
MONTGOMERY COUNTY, PENNSYLVANIA		
Lower Providence		
1000 Madison Avenue (7)	15.18	Reality Online Inc. (37%), First Chicago Nat'l Proc. (21%), Danka Corp. (14%), Seton Company (12%)
Plymouth Meeting		
Five Sentry Parkway East	15.58	Merck & Co. Inc. (73%), Selas Fuild Processing Corp. (23%)
Five Sentry Parkway West	16.61	Merck & Co. Inc. (70%), David Cutler Group (30%)
1150 Plymouth Meeting Mall (7)	11.63	Computer Learning Centers, Inc. (18%), Ken Crest Services (16%), ATC Group Services (14%)
FAIRFIELD COUNTY, CONNECTICUT		
Shelton		
1000 Bridgeport Avenue (7)	20.67	Weseley Software Development (22%), William Carter Company (20%), Toyota Motor Credit (11%), Land Star System, Inc. (11%)
BEXAR COUNTY, TEXAS		
San Antonio		
111 Soledad (7)	6.32	SBC Communications, Inc. (34%)
1777 N.E. Loop 410 (7)	13.38	
84 N.E. Loop 410 (7)	14.32	Pacificare of Texas, Inc. (29%), KBL Cable, Inc. (26%), Kraft General Foods Inc. (25%)
200 Concord Plaza Drive (7)	18.47	Colorado Sports Club Venture(22%), Merrill Lynch Pierce Fenner & Smith (12%)
COLLIN COUNTY, TEXAS		
Plano		
555 Republic Place (7)	11.54	William Smith Enterprises (22%), Kaiser Foundation Health Plan of Texas (17%), Dayton Hudson Corporation (14%)

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
DALLAS COUNTY, TEXAS							
Dallas							
3030 LBJ Freeway (6) (7)	1984	367,018	95.5	316	316	0.16	15.67
3100 Monticello (7)	1984	173,837	90.7	131	131	0.07	14.44
8214 Westchester (7)	1983	95,509	99.1	78	78	0.04	14.32
Irving							
2300 Valley View (7)	1985	142,634	99.3	123	123	0.06	15.09
Richardson							
1122 Alma Road (7)	1977	82,576	100.0	34	34	0.02	7.16
HARRIS COUNTY, TEXAS							
Houston							
10497 Town & Country Way (7)	1981	148,434	98.6	103	103	0.05	12.24
14511 Falling Creek (7)	1982	70,999	90.1	34	34	0.02	9.24

1717 St. James Place (7)	1975	109,574	92.8	67	67	0.03
11.45						
1770 St. James Place (7)	1973	103,689	96.6	69	69	0.03
11.97						
5225 Katy Freeway (7)	1983	112,213	90.9	60	60	0.03
10.22						
5300 Memorial (7)	1982	155,099	96.8	107	107	0.05
12.39						
POTTER COUNTY, TEXAS						
Amarillo						
6900 IH - 40 West (7)	1986	71,771	80.5	30	30	0.01
9.03						
TARRANT COUNTY, TEXAS						
Euless						
150 West Parkway (7)	1984	74,429	90.2	73	73	0.04
18.90						
MARICOPA COUNTY, ARIZONA						
Glendale						
5551 West Talavi Boulevard (7)	1991	130,000	100.0	67	67	0.03
8.96						
Phoenix						
19640 North 31st Street (7)	1990	124,171	100.0	81	81	0.04
11.34						
20002 North 19th Avenue (7)	1986	119,301	100.0	40	40	0.02
5.83						
Scottsdale						
9060 E. Via Linda Boulevard (7)	1984	111,200	100.0	81	81	0.04
12.66						
SAN FRANCISCO COUNTY, CALIFORNIA						
San Francisco						
760 Market Street (7)	1908	267,446	83.1	190	190	0.09
14.86						

Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
DALLAS COUNTY, TEXAS		
Dallas		
3030 LBJ Freeway (6) (7)	15.67	Club Corporation of America (32%)
3100 Monticello (7)	14.44	Insignia Commercial, Inc. (23%), Time Marketing Corporation (12%), Heath Insurance Brokers, Inc. (10%)
8214 Westchester (7)	14.32	Preston Business Center, Inc. (15%), Malone Mortgage Company America, Inc. (11%), State Bank & Trust (11%)
Irving		
2300 Valley View (7)	15.09	Nokia, Inc. (52%), Alltel Information Services, Inc. (12%), Computer Task Group, Inc. (12%)
Richardson		
1122 Alma Road (7)	7.16	MCI Telecommunications Corp. (100%)
HARRIS COUNTY, TEXAS		
Houston		
10497 Town & Country Way (7)	12.24	Vastar Resources, Inc. (23%), Texas Ohio Gas, Inc. (11%)
14511 Falling Creek (7)	9.24	Nationwide Mutual Insurance Company (12%)
1717 St. James Place (7)	11.45	MCX Corp (14%), Home Loan Corporation (10%)
1770 St. James Place (7)	11.97	Gateway Homes, Inc. (10%)
5225 Katy Freeway (7)	10.22	
5300 Memorial (7)	12.39	Drypers Corporation (20%), Datavox, Inc. (17%), HCI Chemicals USA, Inc. (14%)
POTTER COUNTY, TEXAS		
Amarillo		
6900 IH - 40 West (7)	9.03	Sitel Corporation (16%)
TARRANT COUNTY, TEXAS		
Euless		
150 West Parkway (7)	18.90	Warrantech Automotive, Inc. (40%), Mike Bowman Realtors/Century 21 (17%), Landmark Bank-Mid Cities (16%)
MARICOPA COUNTY, ARIZONA		
Glendale		
5551 West Talavi Boulevard (7)	8.96	Honeywell, Inc. (100%)
Phoenix		
19640 North 31st Street (7)	11.34	American Express Travel Related Services Co., Inc. (100%)
20002 North 19th Avenue (7)	5.83	American Express Travel Related Services Co., Inc. (100%)
Scottsdale		
9060 E. Via Linda Boulevard (7)	12.66	Sentry Insurance A Mutual Company (100%)

SAN FRANCISCO COUNTY, CALIFORNIA
San Francisco
760 Market Street (7) 14.86 R.H. Macy & Company, Inc. (26%), Comp USA, Inc. (12%)
</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Base Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
HILLSBOROUGH COUNTY, FLORIDA							
Tampa							
501 Kennedy Boulevard (7)	1982	297,429	91.1	206	206	0.10	13.22
POLK COUNTY, IOWA							
West Des Moines							
2600 Westown Parkway (7)	1988	72,265	95.3	59	59	0.03	14.89
DOUGLAS COUNTY, NEBRASKA							
Omaha							
210 South 16th Street (7)	1894	319,535	89.9	178	178	0.09	10.77
Total Office Properties		18,526,067	95.6	$165,164	$159,809	82.26	$17.72

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Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
<S>	<C>	<C>
HILLSBOROUGH COUNTY, FLORIDA		
Tampa		
501 Kennedy Boulevard (7)	13.22	Fowler, White, Gillen, Boggs, Villareal & Banker, PA (32%), Raytheon Engineers & Constructors, Inc. (31%)
POLK COUNTY, IOWA		
West Des Moines		
2600 Westown Parkway (7)	14.89	St. Paul Fire and Marine Insurance Company (19%), MCI Telecommunications Corp. (14%), New England Mutual Life Insurance Company (13%), American Express Financial Advisors, Inc. (10%)
DOUGLAS COUNTY, NEBRASKA		
Omaha		
210 South 16th Street (7)	10.77	Union Pacific Railroad Company (70%)
Total Office Properties	$17.41	

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Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office,

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Office/Flex, and Industrial/ Warehouse Base Rent (%)	Average Base Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
The Office/Flex Properties:							
MERCER COUNTY, NEW JERSEY							
Hamilton Township							
100 Horizon Drive	1989	13,275	100.0	226	226	0.11	17.02
200 Horizon Drive	1991	45,770	85.3	445	445	0.22	11.40
300 Horizon Drive	1989	69,780	100.0	912	901	0.45	13.07
500 Horizon Drive	1990	41,205	100.0	452	424	0.23	10.97
MONMOUTH COUNTY, NEW JERSEY							
Wall Township							
1320 Wykoff Avenue	1986	20,336	100.0	194	194	0.10	9.54
1324 Wykoff Avenue	1987	21,168	75.0	200	199	0.10	12.60
1325 Campus Parkway	1988	35,000	99.3	416	406	0.21	11.97
1340 Campus Parkway	1992	72,502	94.6	595	589	0.30	8.68
1345 Campus Parkway (7)	1995	76,300	100.0	648	648	0.32	9.20
1433 Highway 34	1985	69,020	78.8	563	510	0.28	10.35
PASSAIC COUNTY, NEW JERSEY							
Totowa							
11 Commerce Way	1989	47,025	100.0	437	432	0.22	9.29
20 Commerce Way	1992	42,540	85.9	447	447	0.22	12.23
29 Commerce Way	1990	48,930	100.0	465	420	0.23	9.50
40 Commerce Way	1987	50,576	100.0	443	414	0.22	8.76
45 Commerce Way	1992	51,207	100.0	482	456	0.24	9.41
60 Commerce Way	1988	50,333	100.0	382	338	0.19	7.59
80 Commerce Way	1996	22,500	88.7	211	138	0.11	10.57
100 Commerce Way	1996	24,600	100.0	68	31	0.03	2.76
120 Commerce Way	1994	9,024	100.0	128	128	0.06	14.18
140 Commerce Way	1994	26,881	99.5	209	207	0.11	7.81

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<TABLE>
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Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
<S>	<C>	<C>
The Office/Flex Properties:		
MERCER COUNTY, NEW JERSEY		
Hamilton Township		
100 Horizon Drive	17.02	HIP of New Jersey Inc. (100%)
200 Horizon Drive	11.40	O.H.M. Remediation Services Corp. (85%)

300 Horizon Drive	12.91	State of NJ/DEP (50%), McFaul & Lyons (26%), Fluor Daniel GTI (24%)
500 Horizon Drive	10.29	First Financial (30%), Lakeview Child Center, Inc. (19%), MCI Systems House Corp. (18%), NJ Builders Assoc. (14%), Diedre Moire Corp. (11%)
MONMOUTH COUNTY, NEW JERSEY		
Wall Township		
1320 Wykoff Avenue	9.54	Eastern Automation (71%), Lucent Technologies (29%)
1324 Wykoff Avenue	12.53	Collectors Alliance (53%), Supply Saver, Inc. (22%)
1325 Campus Parkway	11.68	American Press Inc. (71%)
1340 Campus Parkway	8.59	Groundwater & Environmental Services (33%), GEAC Comp (22%), State Farm (17%), Association For Retarded Citizens (11%), Digital Lightwave, Inc. (11%)
1345 Campus Parkway (7)	9.20	Depot America, Inc. (37%), Quadramed Corp. (24%), De Vine Corp. (11%)
1433 Highway 34	9.38	State Farm Mutual Insurance Co. (30%), New Jersey Natural Gas Co (24%)
PASSAIC COUNTY, NEW JERSEY		
Totowa		
11 Commerce Way	9.19	Caremark Healthcare (78%), Olsten Health Services (11%), Siemens Electromechanical (11%)
20 Commerce Way	12.23	Motorola Inc. (45%), Siemens Fiber Optics (41%)
29 Commerce Way	8.58	Sandvik Sorting Systems, Inc. (44%), Paterson Dental Supply Inc. (23%), Fujitec America Inc. (22%), Wiltel Communications (11%)
40 Commerce Way	8.19	Thomson Electronics (43%), Interek Testing Services (29%), Snap-On, Inc. (14%), System 3R USA (14%)
45 Commerce Way	8.91	Ericsson Radio Systems Inc. (52%), Woodward Clyde Consultants (27%), Security Technologies, Inc. (10%), Oakwood Corporate Housing (10%)
60 Commerce Way	6.72	Relectronic Service Corp. (43%), Ericsson Inc. (29%), Maxlite S.K. America (14%), HW Exhibits (14%)
80 Commerce Way	6.91	Hey Diddle Diddle Inc. (40%), IDEXX Veterinary (37%), Bell Atlantic (12%)
100 Commerce Way	1.26	Minolta Business Systems, Inc. (34%), Capstone Pharmaceutical (34%), CCH Inc. (32%)
120 Commerce Way	14.18	Deerfield Healthcare (100%)
140 Commerce Way	7.74	Advanced Image System (20%), Philips Consumer Electronic, Inc. (1990), Holder Group, Inc. (11%), Alpha Testing (10%), Dairygold (10%), Showa Tool USA, Inc. (10%), Telsource, Inc. (10%), Universal Hospital Services (10%)

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	Base Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
WESTCHESTER COUNTY, NEW YORK							
Elmsford							
1 Westchester Plaza (7)	1967	25,000	100.0	267	265	0.13	11.64
2 Westchester Plaza (7)	1968	25,000	100.0	367	367	0.18	15.99
3 Westchester Plaza (7)	1969	93,500	100.0	1,000	1,000	0.50	11.65
4 Westchester Plaza (7)	1969	44,700	99.8	509	503	0.25	12.43
5 Westchester Plaza (7)	1969	20,000	100.0	250	250	0.12	13.62
6 Westchester Plaza (7)	1968	20,000	78.0	199	199	0.10	13.90
7 Westchester Plaza (7)	1972	46,200	95.9	556	554	0.28	13.67
8 Westchester Plaza (7)	1971	67,200	97.4	484	462	0.24	8.06
11 Clearbrook Road (7)	1974	31,800	100.0	295	295	0.15	10.11
75 Clearbrook Road (7)	1990	32,720	100.0	716	716	0.36	23.84
150 Clearbrook Road (7)	1975	74,900	100.0	907	907	0.45	13.19

175 Clearbrook Road (7)	1973	98,900	99.7	999	981	0.50
11.04						
200 Clearbrook Road (7)	1974	94,000	94.5	917	916	0.46
11.25						
250 Clearbrook Road (7)	1973	155,000	83.7	1,048	1,047	0.52
8.81						
50 Executive Boulevard (7)	1969	45,200	97.2	340	337	0.17
8.43						
77 Executive Boulevard (7)	1977	13,000	100.0	161	161	0.08
13.49						
85 Executive Boulevard (7)	1968	31,000	99.4	360	359	0.18
12.73						
300 Executive Boulevard (7)	1970	60,000	99.7	526	526	0.26
9.58						
350 Executive Boulevard (7)	1970	15,400	98.8	223	223	0.11
15.97						
399 Executive Boulevard (7)	1962	80,000	100.0	879	879	0.44
11.97						
400 Executive Boulevard (7)	1970	42,200	89.7	515	514	0.26
14.82						
500 Executive Boulevard (7)	1970	41,600	100.0	535	533	0.27
14.01						
525 Executive Boulevard (7)	1972	61,700	100.0	734	730	0.37
12.96						
Hawthorne						
4 Skyline Drive (7)	1987	80,600	97.2	1,062	1,045	0.53
14.77						
8 Skyline Drive (7)	1985	50,000	98.9	618	618	0.31
13.62						
10 Skyline Drive (7)	1985	20,000	100.0	265	258	0.13
14.44						
11 Skyline Drive (7)	1989	45,000	100.0	549	549	0.27
13.29						
15 Skyline Drive (7)	1989	55,000	100.0	809	761	0.40
16.03						
200 Saw Mill River Road (7)	1965	51,100	87.5	489	483	0.24
11.92						

Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
<S>	<C>	<C>
WESTCHESTER COUNTY, NEW YORK		
Elmsford		
1 Westchester Plaza (7)	11.55	British Apparel (40%), American Greeting (20%), RS Knapp (20%), Thin Film Concepts (20%)
2 Westchester Plaza (7)	15.99	Board of Cooperative Education (80%), Kin-Tronics (10%), Squires Productions (10%)
3 Westchester Plaza (7)	11.65	Apria Healthcare (32%), Kangol Headwear (28%), V-Band Corp. (16%), Dental Concepts (12%)
4 Westchester Plaza (7)	12.29	Metropolitan Life (38%), EEV Inc. (34%), Arsys Innotech Corp. (13%)
5 Westchester Plaza (7)	13.62	Kramer Scientific (26%), Rokonet Industries (25%), UA Plumbers Education (25%), Fujitsu (12%), Furniture Etc. (12%)
6 Westchester Plaza (7)	13.90	Signacon Controls (28%), Xerox Corp. (28%), Girard Rubber Co. (13%)
7 Westchester Plaza (7)	13.62	Emigrant Savings Bank (57%), Fire End Croker (22%), Health Maintenance Programs (10%)
8 Westchester Plaza (7)	7.69	Ciba Specialty (19%), Mamiya America (17%), Kubra Data (15%)
11 Clearbrook Road (7)	10.11	Eastern Jungle Gym (27%), Treetops Inc. (21%), MCS Marketing (18%), Creative Medical Supplies (14%), Westchester Party Rental (14%)
75 Clearbrook Road (7)	23.84	Evening Out Inc. (100%)
150 Clearbrook Road (7)	13.19	Court Sports I (24%), Philips Medical (18%), Transwestern Publications (12%), ADT Security Systems, Inc. (11%)
175 Clearbrook Road (7)	10.84	36 Midland Ave Corp. (35%), Hypres Inc (15%)
200 Clearbrook Road (7)	11.24	36 Midland Ave Corp. (22%), Proftech Corp (20%), I R Industries (18%), Wyse Technology (15%)
250 Clearbrook Road (7)	8.80	AFP Imaging Corp (42%), The Artina Group (14%), Conri Services (11%)
50 Executive Boulevard (7)	8.36	MMO Music Group (69%), Medical Billing Associates (22%)
77 Executive Boulevard (7)	13.49	Bright Horizons Children (55%), WNN Corp. (35%)
85 Executive Boulevard (7)	12.69	VREX Inc (49%), Westhab Inc. (18%), John Caufield (13%), Saturn II Systems (11%)
300 Executive Boulevard (7)	9.58	Varta Batteries (44%), Princeton Ski Outlet (43%), LMG International Inc. (12%)
350 Executive Boulevard (7)	15.97	Copytex Corp. (99%)
399 Executive Boulevard (7)	11.97	American Banknote (72%), Kaminstein Imports (28%)

400 Executive Boulevard (7)	14.79	Baker Engineering (39%), North American Van Lines (25%), Execu Lunch, Inc. (13%)
500 Executive Boulevard (7)	13.96	Original Consume (36%), Dover Elevator (16%), Commerce Overseas (16%), Charles Martine (13%), Olsten Home Health (13%)
525 Executive Boulevard (7)	12.89	Vie De France (59%), New York Blood Center (21%)
Hawthorne		
4 Skyline Drive (7)	14.53	GEC Alsthom Int'l. (60%)
8 Skyline Drive (7)	13.62	Cityscape Corp. (62%), Reveo Inc (29%)
10 Skyline Drive (7)	14.06	Bi-Tronic Inc/LCA (51%), Phoenix Systems Int'l (33%), Galson Corp. (16%)
11 Skyline Drive (7)	13.29	Cube Computer (41%), Bowthorpe Holdings (19%), Agathon Machine (12%), Planned Parenthood (11%)
15 Skyline Drive (7)	15.08	United Parcel Service (34%), Tellabs (27%), Emisphere Technology (23%), Minolta Copier (16%)
200 Saw Mill River Road (7)	11.77	Walter Degruyter (21%), Monahans Plumbing (15%), ABSCOA (12%), Argents Air Express (12%)

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Base Rent Per Sq. Ft. ($) (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Yonkers							
1 Odell Plaza (7)	1980	106,000	100.0	1,108	1,108	0.55	11.39
5 Odell Plaza (7)	1983	38,400	99.6	444	444	0.22	12.65
7 Odell Plaza (7)	1984	42,600	99.6	598	591	0.30	15.36
4 Executive Plaza (7)	1986	80,000	99.9	851	836	0.42	11.60
6 Executive Plaza (7)	1987	80,000	100.0	994	994	0.50	13.54
100 Corporate Boulevard (7)	1987	78,000	98.5	1,199	1,199	0.60	17.02
200 Corporate Boulevard South (7)	1990	84,000	99.7	478	478	0.24	14.97
FAIRFIELD COUNTY, CONNECTICUT							
Stamford							
419 West Avenue (7)	1986	88,000	99.8	1,358	1,358	0.68	16.86
500 West Avenue (7)	1988	25,000	83.9	279	279	0.14	14.49
550 West Avenue (7)	1990	54,000	100.0	696	688	0.35	14.04
Total Office/Flex Properties		3,034,692	96.7	$32,507	$31,966	16.19	$12.10

</TABLE>

<TABLE>
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Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
<S>	<C>	<C>
Yonkers		
1 Odell Plaza (7)	11.39	Court Sports II (19%), Gannet Satellite (11%), Crown Trophy (10%)

5 Odell Plaza (7)	12.65	Voyetra Technologies (44%), Photo File Inc. (34%), Pharmerica Inc. (22%)
7 Odell Plaza (7)	15.18	US Postal Service (41%), TT Systems Co. (24%), Bright Horizons (16%)
4 Executive Plaza (7)	11.40	O K Industries (42%), E&B Giftware (17%)
6 Executive Plaza (7)	13.54	Cablevision Systems (40%), KVL Audio Visual Services (12%), Empire Managed Care Inc. (10%)
100 Corporate Boulevard (7)	17.02	Montefiore Medical (19%), Xerox Corp. (13%), Minami Int'l. (12%), Medigene (11%)
200 Corporate Boulevard South (7)	14.97	Belmay (32%), Montefiore Medical (23%), Codenoll Techonology (13%)
FAIRFIELD COUNTY, CONNECTICUT		
Stamford		
419 West Avenue (7)	16.86	Smith Industries Aerospace (80%)
500 West Avenue (7)	14.49	Stamford Assoc. (26%), TNT Skypac (26%), Lead Trackers (20%), M. Cohen & Sons (11%)
550 West Avenue (7)	13.88	Davidoff of Geneva (56%), Lifecodes Corp. (44%)
Total Office/Flex Properties	$11.91	

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/97 (%) (1)	1997 Base Rent ($000) (2)	1997 Effective Rent ($000) (3)	Percentage of Total 1997 Office, Office/Flex, and Industrial/ Warehouse Base Rent (%)	1997 Average Base Rent Per Sq. Ft. ($) (4)
The Industrial/Warehouse Properties:							
WESTCHESTER COUNTY, NEW YORK							
Elmsford							
1 Warehouse Lane (7)	1957	6,600	100.0	53	53	0.03	8.75
2 Warehouse Lane (7)	1957	10,900	100.0	97	97	0.05	9.70
3 Warehouse Lane (7)	1957	77,200	100.0	237	233	0.12	3.34
4 Warehouse Lane (7)	1957	195,500	95.4	1,608	1,601	0.80	9.39
5 Warehouse Lane (7)	1957	75,100	96.2	641	637	0.32	9.67
6 Warehouse Lane (7)	1982	22,100	99.8	467	467	0.23	23.07
Total Industrial/Warehouse Properties		387,400	96.9	$3,103	$ 3,088	1.55	$9.00
Total Office, Office/Flex, and Industrial/Warehouse Properties		21,948,159	95.8	$200,774	$194,863	100.00	$17.30

</TABLE>

<TABLE>
<CAPTION>

Property Location	1997 Average Effective Rent Per Sq. Ft. ($) (5)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/97 (6)
The Industrial/Warehouse Properties:		
WESTCHESTER COUNTY, NEW YORK		
Elmsford		
1 Warehouse Lane (7)	8.75	JP Trucking Service (100%)

2 Warehouse Lane (7)	9.70	RJ Bruno Roofing Inc. (55%), Savin Engineers PC (41%)
3 Warehouse Lane (7)	3.29	United Parcel Service (100%)
4 Warehouse Lane (7)	9.35	San Mar Laboratory (59%), Marcraft Clothes (18%), Adams Global Industries (11%)
5 Warehouse Lane (7)	9.61	F&V Distribution Co. (54%), E & H Tire Boxing (19%), Conway Import Co. (10%)
6 Warehouse Lane (7)	23.07	Conway General (96%)
Total Industrial/Warehouse Properties	$8.96	
Total Office, Office/Flex, and Industrial/Warehouse Properties	$17.01	

</TABLE>

See footnotes on subsequent page.

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(1) Based on all leases in effect as of December 31, 1997.

(2) Total base rent for 1997, determined in accordance with generally accepted accounting principles (GAAP). Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass through of charges for electrical usage.

(3) Total base rent for 1997 minus total 1997 amortization of tenant improvements, leasing commissions and other concessions and costs, determined in accordance with GAAP.

(4) Base rent for 1997 divided by net rentable square feet leased at December 31, 1997. For those Properties acquired by the Company during 1997, amounts presented are annualized, as per Note 7.

(5) Effective rent for 1997 divided by net rentable square feet leased at December 31, 1997. For those Properties acquired by the Company during 1997, amounts presented are annualized, as per Note 7.

(6) Excludes office space leased by the Company.

(7) As this Property was acquired by the Company during 1997, the amounts represented in 1997 base rent and 1997 effective rent reflect only that portion of the year during which the Company owned or placed the Property in service. Accordingly, these amounts may not be indicative of the Property's full year results. For comparison purposes, the amounts represented in 1997 average base rent per sq. ft. and 1997 average effective rent per sq. ft. for this Property have been calculated by taking 1997 base rent and 1997 effective rent for such Property and annualizing these partial-year results, dividing such annualized amounts by the net rentable square feet leased at December 31, 1997. These annualized per square foot amounts may not be indicative of the Property's results had the Company owned or placed such Property in service for the entirety of 1997.

Retail Properties

The Company owned two stand-alone retail properties as of December 31, 1997, both acquired in the RM Transaction, described below:

The Company owns an 8,000 square foot restaurant, constructed in 1986, located in the South Westchester Executive Park in Yonkers, Westchester County, New York. The restaurant is 100 percent leased to Magic at Yonkers, Inc. for use as a Red Robin restaurant under a 25-year lease. The lease currently provides for fixed annual base rent of $230,000, with fully-reimbursed real estate taxes, and operating expenses escalated based on the consumer price index ("CPI") over a base year CPI. The lease, which expires on June 30, 2012, includes scheduled rent increases in July 1997 to approximately $265,000 annually, and in July 2002 to approximately $300,000 annually. The lease also provides for additional rent calculated as a percentage of sales over a specified sales amount, as well as for two five-year renewal options. 1997 total base rent for the property, calculated in accordance with GAAP, was approximately $276,239.

The Company also owns a 9,300 square foot restaurant, constructed in 1984, located at 230 White Plains Road, Tarrytown, Westchester County, New York. The restaurant is 100 percent leased to TGI Fridays under a 10-year lease which provides for fixed annual base rent of approximately $195,000, with fully-reimbursed real estate taxes, and operating expenses escalated based on CPI over a base year CPI. The lease, which expires on August 31, 2004, also provides for additional rent calculated as a percentage of sales over a specified sales amount, as well as for four five-year renewal options. 1997 total base rent for the property, calculated in accordance with GAAP, was approximately $178,750.

Land Leases

The Company owned two land leases as of December 31, 1997, both acquired in the RM Transaction, described below:

The Company has land leased to Star Enterprises, where a 2,264 square-foot Texaco gas station was constructed, located at 1 Enterprise Boulevard in Yonkers, Westchester County, New York. The 15-year, triple-net land lease provides for annual rent of approximately $125,000 through January 1998, with an increase to approximately $145,000 annual rent through April 30, 2005. The lease also provides for two five-year renewal options. 1997 total base rent under this lease, calculated in accordance with GAAP, was approximately $131,974.

The Company also leases five acres of land to Rake Realty, where a 103,500 square-foot office building exists, located at 700 Executive Boulevard, Elmsford, Westchester County, New York. The 22-year, triple-net land lease provides for fixed annual rent plus a CPI adjustment every five years, and expires on November 30, 2000. 1997 total base rent under this lease, calculated in accordance with GAAP, was approximately $88,418. The lease also provides for several renewal options which could extend the lease term for an additional 30 years.

Multi-family Residential Properties

The Company owned two multi-family residential properties, as of December 31, 1997, described below:

Tenby Chase Apartments, Delran, Burlington County, New Jersey
The Company's multi-family residential property, known as the Tenby Chase Apartments, was built in 1970. The property contains 327 units, comprised of 196 one-bedroom units and 131 two-bedroom units, with an average size of approximately 1,235 square feet per unit. The property had an average monthly rental rate of approximately $732 per unit during 1997 and was approximately 93.9 percent leased as of December 31, 1997. The property had 1997 total base rent of approximately $2.7 million, which represented approximately 1.3 percent of the Company's 1997 total base rent. The average occupancy rate for the property in each of 1997, 1996 and 1995, was 95.5 percent, 95.3 percent, and 93.6 percent, respectively.

25 Martine Avenue, White Plains, Westchester County, New York

The Company's multi-family residential property, acquired in the RM Transaction and known as 25 Martine Avenue, was built in 1987. The property contains 124 units, comprised of 18 studio units, 71 one-bedroom units and 35 two-bedroom units, with an average size of approximately 722 square feet per unit. The property had an average monthly rental rate of approximately $1,370 per unit during 1997 and was 95.2 percent leased as of December 31, 1997. The property had 1997 total base rent of approximately $2.0 million, which represented approximately 1.0 percent of the Company's 1997 total base rent. The average occupancy rate for the property in each of 1997, 1996 and 1995 was 97.6 percent, 96.4 percent and 98.3 percent, respectively.

Office Properties: Schedule of Lease Expirations

The following table sets forth a schedule of the lease expirations for the Office Properties beginning January 1, 1998, assuming that none of the tenants exercises renewal options:

<TABLE>
<CAPTION>

Year Of Expiration	Number Of Leases Expiring (1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%) (2)	Annual Base Rent Under Expiring Leases ($000) (3)	Average Rent Per Net Rentable Square Foot Represented By Expiring Leases ($)
<S>	<C>	<C>	<C>	<C>	<C>
1998.....	438	1,418,579	8.07	$25,651	$18.08
1999.....	411	1,925,267	10.96	35,921	18.66
2000.....	348	3,362,857	19.14	58,931	17.52
2001.....	239	1,931,996	10.99	33,326	17.25
2002.....	247	2,067,386	11.76	38,854	18.79

2003.....	87	1,648,267	9.38	25,220	15.30
2004.....	40	710,332	4.04	13,923	19.60
2005.....	26	505,137	2.88	9,658	19.12
2006.....	28	385,694	2.19	8,226	21.33
2007.....	21	753,831	4.29	15,504	20.57
2008.....	9	713,343	4.06	11,460	16.07
2009 and thereafter	22	2,151,731	12.24	41,711	19.38
Total/Weighted Average.....	1,916	17,574,420	100.00	$318,385	$18.12

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

(2) Excludes all space vacant as of December 31, 1997.

(3) Based upon aggregate base rent, determined in accordance with GAAP, including all leases dated on or before December 31, 1997.

Office/Flex Properties: Schedule of Lease Expirations

The following table sets forth a schedule of the lease expirations for the Office/Flex Properties, beginning January 1, 1998, assuming that none of the tenants exercises renewal options or termination rights:

Year Of Expiring Expiration	Number Of Leases Expiring(1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%)(2)	Annual Net Rent Under Expiring Leases ($000) (3)	Average Rent Per Rentable Square Foot Represented By Leases ($)
1998.....	91	486,027	16.44	$5,877	$12.09
1999.....	61	439,528	14.87	5,023	11.43
2000.....	56	541,450	18.32	6,307	11.65
2001.....	58	615,916	20.84	7,589	12.32
2002.....	53	481,695	16.29	6,059	12.58
2003.....	8	78,195	2.65	1,034	13.22
2004.....	4	64,305	2.18	784	12.19
2005.....	2	17,575	0.59	208	11.83
2006.....	3	77,163	2.61	1,644	21.31
2007.....	3	86,918	2.94	1,217	14.00
2008.....	2	34,376	1.16	320	

9.31					
2009 and thereafter..	2	32,863	1.11	560	17.04
Total/Weighted Average.....	343	2,956,011	100.00	$36,622	$12.39

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

(2) Excludes all space vacant as of December 31, 1997.

(3) Based upon aggregate base rent determined in accordance with GAAP, including all leases dated on or before December 31, 1997.

Industrial/Warehouse Properties: Schedule of Lease Expirations

The following table sets forth a schedule of the lease expirations for the Industrial/Warehouse Properties, beginning January 1, 1998, assuming that none of the tenants exercises renewal options or termination rights:

Year Of Expiration	Number Of Leases Expiring (1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%) (2)	Annual Base Rent Under Expiring Leases ($000) (3)	Average Rent Per Net Rentable Square Foot Represented By Expiring Leases ($)
1998.....	8	148,913	39.74	$ 893	$ 6.00
1999.....	2	7,500	2.00	76	10.13
2000.....	4	60,044	16.02	566	9.43
2001.....	3	33,778	9.02	597	17.67
2002.....	1	10,150	2.71	108	10.64
2004.....	2	114,332	30.51	1,147	10.03
Total/Weighted Average.....	20	374,717	100.00	$3,387	$ 9.04

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

(2) Excludes all space vacant as of December 31, 1997.

(3) Based upon aggregate base rent determined in accordance with GAAP, including all leases dated on or before December 31, 1997.

Harborside Financial Center, Jersey City, Hudson County, New Jersey

As the book value of Harborside was in excess of 10 percent of the Company's total assets at December 31, 1997, additional information regarding the Property is provided below.

Harborside, acquired by the Company on November 4, 1996, is a completely

redeveloped, three-building office complex containing 1,886,800 square feet of net rentable area located in the Exchange Place Newport Center submarket of Jersey City, New Jersey. This submarket is a satellite office market of Manhattan and is occupied primarily by the support and technical operations of New York City-based financial institutions. The buildings, known as Plazas I, II and III, were developed as a complete reconstruction of existing buildings in two phases, with the first completed in 1983 and the second in 1990. The buildings are connected via an enclosed 1,000 foot waterfront promenade featuring restaurants, service retail shops and a food court, as well as an atrium lobby. The promenade includes various retail operations such as restaurants, a bank, and a dry cleaner. The property is situated on 47.98 acres for the existing building complex, 11.29 acres of undeveloped land, 5.78 acres of piers and 21.61 acres of underwater land (excluding piers).

Plaza I is served by six passenger elevators as well as a 15,000 lb. freight car. Plazas II and III are each served by ten passenger elevators and have seven oversized freight elevators in total. In addition, there are large shafts where freight elevators have been removed which enable tenants to bring significant electric telecommunications cabling to their space at minimal cost.

The property leases space to parking operators and provides for approximately 1,685 parking spaces including 200 spaces on the south pier. Public transportation to the property is available through the Exchange Place PATH rail station which is immediately adjacent to the property and links Harborside to downtown Manhattan in approximately four minutes. The PATH also provides access to midtown Manhattan, Newark and Hoboken in less than twenty minutes. The property is also connected to Manhattan by road via a three mile drive to the Holland Tunnel and a five-mile drive to the Lincoln Tunnel. Interstates 78 and 495, U.S. Routes 1, 9 and 440, and NJ Route 3 connect the property to locations throughout northern New Jersey.

The following table sets forth certain information (on a per rentable square foot basis unless otherwise indicated) about the Property since January 1, 1993 (based upon an average of all lease transactions during the respective periods):

<TABLE>
<CAPTION>

	Year Ended December 31,				
	1993	1994	1995	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>
Number of leases signed during period (1)	3	9	5	8	1
Rentable square feet leased during period (1)	12,143	201,933	50,806	186,133	16,911
Base rent ($) (2)	20.35	16.04	22.33	20.41	22.43
Tenant improvements ($) (3)	24.31	17.69	19.21	13.38	--
Leasing commissions ($) (4)	8.68	10.28	4.71	10.45	16.68
Effective rent ($) (5)	13.86	13.91	19.95	18.07	20.75
Expense stop ($) (6)	3.42	3.91	2.52	4.34	7.97
Effective equivalent triple net rent ($) (7)	10.44	10.00	17.43	13.73	12.78
Occupancy rate at end of period (%) (1)	88.1	93.3	96.1	98.8	98.3

</TABLE>

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

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

(3) Equals work letter costs net of estimated provision for profit and overhead. Actual cost tenant improvements may differ from estimated work letter costs.

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

(5) Equals aggregate base rent received over their respective terms from all lease transactions during the period minus all tenant improvements, leasing commissions and other concessions from all lease transactions

during the period, divided by the terms in months for such leases, multiplied by 12, divided by the total net rentable square feet under all lease transactions during the period.

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

(7) Equals effective rent minus expense stop.

The following schedule sets forth the average percent leased and average annual rental per leased square foot for the years ended December 31, 1993 through 1997 for Harborside:

Year	Average Percentage Leased (%) (1)	Average Annual Base Rent Per Leased Square Foot ($) (2)
1997	98.6	20.34
1996	97.5	16.23
1995	94.7	15.99
1994	90.7	15.26
1993	83.4	16.36

- ---

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

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

Four tenants at Harborside occupy approximately 65.6 percent of the net rentable square feet in the aggregate as of December 31, 1997, as follows:

Bankers Trust Harborside, Inc., a commercial bank, occupied 385,000 square feet (approximately 20.4 percent of the net rentable square feet of Harborside) at December 31, 1997, pursuant to a triple-net lease which expires March 31, 2003, with a five-year renewal option. Total rental income from Bankers Trust, including escalations and recoveries, was approximately $3.4 million for the year ended December 31, 1997. The lease provides, among other things, for an annual rent increase of $770,000 to an annual rent of approximately $3.3 million beginning on April 1, 1998.

Dow Jones Telerate Systems, Inc., a tele-communications firm, occupied 378,232 square feet at December 31, 1997 (approximately 20 percent of the net rentable square feet of Harborside) pursuant to various leases expiring June 30, 1999 through March 31, 2001, with two five-year renewal options of 187,817 square feet of space and one five-year option on 45,187 square feet of space. Total rental income from Dow Jones Telerate Systems, Inc., including escalations and recoveries, was approximately $9.7 million for the year ended December 31, 1997. Certain of the leases provide for annual rental increases totaling approximately $181,000 beginning in June 2001.

AICPA, a professional organization, occupied approximately 250,000 square feet (approximately 13.3 percent of the net rentable square feet of Harborside) at December 31, 1997, pursuant to a lease which expires July 31, 2012, with a ten-year renewal option. Total rental income from the AICPA, including escalations and recoveries, was approximately $7.5 million for the year ended December 31, 1997. The AICPA lease provides for, among other things, annual rental increases of approximately $836,000 in July 2002 and $836,000 in July 2007.

Dean Witter Trust Company ("Dean Witter"), a securities firm, occupied 225,078 square feet (approximately 11.9 percent of the net rentable square feet of Harborside) at December 31, 1997, pursuant to a lease which expires February 8, 2008, with a ten-year and a five-year renewal option. Total rental income from Dean Witter, including escalations and recoveries, was approximately $6.2 million for the year ended December 31, 1997. The lease provides for, among other things, annual rental increases of approximately $250,784 beginning in February 1998, $59,262 in September 2000, $537,393 in February 2003 and $126,990 in May 2003.

The following table sets forth a schedule of the lease expirations for Harborside, beginning January 1, 1998, assuming that none of the tenants exercise renewal options.

<TABLE>
<CAPTION>

	Net Rentable Area Subject	Percentage Of Total Leased Square Feet	Annual Base Rent Under	Average Annual Rent Per Net Rentable Square

Year Of Expiration	Number Of Leases Expiring (1)	Foot To Expiring Leases (Sq. Ft.)	Represented By Expiring Leases (%) (2)	Expiring Leases ($000) (3)	Represented By Leases ($)
<S>	<C>	<C>	<C>	<C>	<C>
1998	3	28,511	1.64	$ 676	$ 23.71
1999	7	85,209	4.90	1,986	23.31
2000	6	289,577	16.67	5,763	19.90
2001	2	69,996	4.03	1,680	24.00
2003	1	385,000	22.16	3,103	8.06
2004	1	24,729	1.42	590	23.86
2005	5	118,971	6.85	1,735	14.58
2006	7	100,807	5.80	2,157	21.40
2007	2	28,472	1.64	631	22.16
2008	4	221,461	12.75	4,129	18.64
2009 and thereafter	5	384,644	22.14	9,300	24.18
Total/Weighted Average	43	1,737,377	100.00	$31,750	$ 18.27

(1) Includes office tenants only. Excludes leases for amenities, retail, parking and month-to-month office tenants.

(2) Excludes all space vacant as of December 31, 1997.

(3) Based upon aggregate base rent, calculated in accordance with GAAP, including all leases dated on or before December 31, 1997.

The aggregate tax basis of depreciable real property at Harborside for federal income tax purposes was approximately $254.5 million as of December 31, 1997. Depreciation and amortization are computed on a straight-line basis over the estimated useful

life of the real property which range from 15 to 39 years. There is no depreciable personal property associated with Harborside for federal income tax purposes as of December 31, 1997.

Tax abatements for Harborside were obtained in 1988 by the former owner of the property from the City of Jersey City under the Fox-Lance Program and were assumed by the Company as part of the acquisition of Harborside on November 4, 1996. The abatements, which commenced in 1990, are for a term of 15 years. The Company is required to pay municipal services equal to two percent of Total Project Costs, as defined, in year one and increase by $75,000 per annum through year fifteen. Total Project Costs, as defined, are $148.7 million. The service charges for the remaining undeveloped parcels will be equal to two percent of Total Project Costs for each unit in year one and increase to three percent by year fifteen.

THE COMPANY'S REAL ESTATE MARKETS

The Company's Properties are located primarily in the Northeast and Southwest, including a predominant presence in New Jersey, New York, Pennsylvania, Texas and Arizona. The following is a discussion of the markets within which substantially all of the Company's properties are located:

Northern New Jersey: The Northern New Jersey market consists of Bergen, Essex, Hudson, Morris and Passaic Counties. Northern New Jersey's five counties are part of the greater New York metropolitan area, are less than a 45 minute drive from Manhattan, and are widely regarded as major centers for corporate and international business. The region has direct access to New York City by public transportation and extensive road networks. In addition to being home to the two largest cities in New Jersey, Newark and Jersey City, Newark International Airport and the New York/New Jersey Harbor are also located within the five-county boundary.

Overall vacancy rates have declined in the Northern New Jersey market for the fifth consecutive year as a direct result of an increase in leasing activity and net absorption levels. Although some built-to-suit activity is present, speculative construction remains virtually nonexistent. The Company owns and operates approximately 8.6 million square feet of office and office/flex space in Northern New Jersey.

Central New Jersey: The Central New Jersey market consists of Union, Somerset, Hunterdon, Middlesex, Mercer and Monmouth Counties. Encompassing approximately 2,000 square miles in six counties, Central New Jersey is notable for its proximity to major highway arteries, including Interstates 78 and 287, Route 1, the Garden State Parkway and the New Jersey Turnpike. This market continues to be a prime location for Fortune 500 headquarters, research & development operations and financial, insurance and real estate (FIRE) sector businesses.

Central New Jersey vacancy rates are decreasing while average asking rents are increasing. This is, in part, attributable to the increase in demand, measured by leasing activity, which rose predominantly due to corporate expansions. The Company owns and operates approximately 2.6 million square feet of office and office/flex space in the Central New Jersey counties of Union, Mercer and Monmouth.

Suburban Philadelphia, Pennsylvania: The Suburban Philadelphia market consists of six counties in Pennsylvania on the west side of the Delaware River and eight counties in New Jersey on the east side of the Delaware River. The Pennsylvania counties consist of Bucks, Chester, Delaware, Montgomery, Lehigh and Northampton Counties. These six counties surround the City of Philadelphia, are home to many affluent communities, and are regarded as major centers for corporate and international business. The areas are served by an extensive highway network allowing easy access to Philadelphia International Airport and the Port of Philadelphia.

Over the last few years the overall vacancy rate in this region has declined and in 1996, the rate dipped below 10 percent for the first time as a result of strong leasing activity and virtually no new construction. The Company owns and operates approximately 1.5 million square feet of office space in these Suburban Philadelphia counties.

The New Jersey counties consist of Burlington, Camden, Atlantic, Ocean, Gloucester, Salem, Cumberland and Cape May Counties. This market has extensive geographic boundaries, stretching from the Delaware River to the Atlantic Ocean and Atlantic City. This region is mainly suburban, with the exception of Camden County, which is home to many affluent communities, and Atlantic City, one of the nation's largest centers for gaming/tourism.

The Company owns and operates approximately 228,300 square feet of office space and one 327-unit multi-family residential complex in Atlantic and Burlington Counties.

Rockland County, New York: Rockland County, New York is located north of the New Jersey/New York border directly adjacent to Bergen County. Rockland County has excellent highway access to both New York City via Interstate 87 and to New Jersey via Interstate 287.

The Company owns and operates a 180,000 square foot office property in Rockland County.

Westchester County, New York: Westchester County, New York, is located immediately north of New York City and is accessible to New York City by public transportation and through an extensive road network. In Westchester County, the vacancy rate has declined steadily over the last three years as the office market has absorbed 3 million square feet that IBM, AT&T and NYNEX vacated from 1989 to 1993. Speculative construction has been virtually non-existent during the past five years.

The Company owns and operates approximately 3.6 million square feet of office and office/flex space, 387,400 square feet of industrial/warehouse space, a 126-unit multi-family residential property, two stand-alone retail properties, and two land leases in Westchester County, New York. The Company entered this market for the first time with the RM Transaction.

Fairfield County, Connecticut: Fairfield County, Connecticut is the county in Connecticut closest in proximity with New York City. It has direct access to New York City via public transportation and through an extensive road network. The county is home to ten Fortune 500 headquarters and there has been a substantial decline in vacancy during the past two years.

The Company owns and operates approximately 300,000 square feet of office and office/flex space in Fairfield County. The Company entered this market for the

first time with the RM Transaction.

Dallas-Fort Worth, Texas: The Dallas-Fort Worth market includes Dallas, Tarrant and portions of Collin and Denton Counties. The market includes the central business districts of both Dallas and Fort Worth and the suburban areas primarily to the north of those cities. Dallas-Forth Worth International Airport is one of the busiest airports in the nation and is important to the growth of the area. This area is home to the headquarters of numerous Fortune 500 companies. The Company entered this market for the first time with the Mack Transaction, and owns and operates approximately 1.0 million square feet of office space in Dallas, Tarrant and Collin Counties.

Houston, Texas: The Houston office market is comprised primarily of the city of Houston and its surrounding suburbs. Houston is a major location of Fortune 500 companies' headquarters, primarily in the oil and gas industries. Houston is also a major port serving the southern portion of the United States. The Company entered this market for the first time with the Mack Transaction, and owns and operates approximately 700,000 square-feet in the Houston market.

San Antonio, Texas: The San Antonio market consists primarily of Bexar County. San Antonio is located at the cross roads of two major arteries, Interstate 35 and Interstate 10, and is a primary location of military facilities. San Antonio is the third largest metropolitan area in Texas, behind Dallas and Houston. The Company entered this market for the first time with the Mack Transaction, and owns approximately 940,000 square feet of office space in Bexar County.

Phoenix, Arizona: The Phoenix market is comprised primarily of the city of Phoenix and several suburbs to the north and west, including Scottsdale. Phoenix is the focal point of Arizona, in addition to being the state capital. It is the location of numerous corporate headquarters and regional headquarter facilities. The Phoenix market has been considered one of the most rapidly growing markets in the county. The Company entered this market for the first time with the Mack Transaction, and owns and operates approximately 484,670 square feet of office space in the Phoenix market.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On December 11, 1997, the Company held a special meeting of shareholders (the "Special Meeting") to vote upon the Mack Transaction, among other things. At the Special Meeting, the shareholders voted upon and approved the following proposals: (i) the adoption of the contribution and exchange agreement, dated as of September 18, 1997, as amended, among the Company, the Operating Partnership and the Mack Company, pursuant to which the Mack Company contributed the Mack Properties to the Operating Partnership in exchange for a combination of cash, assumption of debt, common and preferred units and warrants to purchase common units. See "Recent Developments -- Mack Transaction." (Number of shares For: 37,992,118, Number of shares Against: 86,217, Number of shares Abstain: 155,603, Number of shares Broker Non-Vote: 0); (ii) the adoption of an amendment to the Company's Amended and Restated Articles of Incorporation to change the Company's name from "Cali Realty Corporation" to "Mack-Cali Realty Corporation" (Number of shares For: 37,969,601, Number of shares Against: 119,714, Number of shares Abstain: 144,623, Number of shares Broker Non-Vote: 0); (iii) the adoption of an amendment to the Company's Employee Stock Option Plan to increase the number of shares authorized thereunder by 2,200,000 shares, from 2,780,188 to 4,980,188 (Number of shares For: 35,151,729, Number of shares Against: 2,854,495, Number of shares Abstain: 226,713, Number of shares Broker Non-Vote: 1,001); and (iv) the adoption of two amendments to the Company's Director Stock Option Plan to (a) increase the number of shares authorized thereunder by 200,000 shares, from 200,000 to 400,000 and (b) provide for the participation thereunder of non-employee members of the Advisory Board (Number of shares For: 35,566,739, Number of shares Against: 2,401,437, Number of shares Abstain: 264,759, Number of shares Broker Non-Vote: 993).

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The shares of the Company's common stock are traded on the New York Stock Exchange ("NYSE") and the Pacific Exchange under the symbol "CLI".

Market Information

The following table sets forth the quarterly high, low, and closing price per share of Common Stock reported on the NYSE for the years ended December 31, 1997 and 1996, respectively:

For the Year Ended December 31, 1997:

	High	Low	Close

First Quarter	$34.8750	$30.0000	$32.0000
Second Quarter	$34.0000	$28.7500	$34.0000
Third Quarter	$41.6250	$32.3750	$41.6250
Fourth Quarter	$42.6875	$36.2500	$41.0000

For the Year Ended December 31, 1996:

	High	Low	Close
First Quarter	$23.6250	$20.7500	$22.3750
Second Quarter	$24.6250	$21.5000	$24.2500
Third Quarter	$27.1250	$22.6250	$27.1250
Fourth Quarter	$30.8750	$26.1250	$30.8750

On March 27, 1998, the closing Common Stock sales price on the NYSE was $39.0625 per share.

Holders

On March 27, 1998, the Company had 346 common shareholders of record.

Dividends and Distributions

As a result of the Company's improved operating performance, 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 ($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). The Company declared a cash dividend of $0.50 per share on December 17, 1997 to stockholders of record on January 5, 1998. Also, on that date, the Company declared a cash distribution to the limited partners in the Operating Partnership that was equivalent to $0.50 per common unit, as well as the pro-rated fourth quarter preferred unit distribution aggregating approximately $888,000. The dividend and distributions were paid on January 16, 1998. The declaration and payment of dividends and distributions will continue to be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition, capital requirements, applicable legal restrictions and other factors.

ITEM 6. SELECTED FINANCIAL DATA

Selected Financial Data
Mack-Cali Realty Corporation and Subsidiaries

The following table sets forth selected financial data on a consolidated basis for the Company and on a combined basis for the Cali Group. The consolidated selected financial data of the Company as of December 31, 1997, 1996, 1995 and 1994, and for the periods then ended, and the combined selected financial data of the Cali Group as of December 31, 1993 and for the periods ended August 30, 1994 and December 31, 1993 have been derived from financial statements audited by Price Waterhouse LLP, independent accountants.

<TABLE>
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Operating Data

	The Company				The Cali Group	
In thousands, except per share data	Year Ended December 31, 1997	1996	1995	August 31, 1994 to December 31, 1994	January 1, 1994 to August 30, 1994	Year Ended December 31, 1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total revenues	$249,801	$ 95,472	$ 62,335	$ 16,841	$ 33,637	$ 47,900
Operating and other expenses	$ 75,150	$ 29,662	$ 20,705	$ 5,240	$ 11,155	$ 16,408
General and administrative	$ 15,862	$ 5,800	$ 3,712	$ 1,079	$ 2,288	$ 2,618
Depreciation and amortization	$ 36,825	$ 14,731	$ 10,655	$ 3,319	$ 5,093	$ 7,934
Interest expense	$ 39,078	$ 13,758	$ 10,117	$ 2,213	$ 13,969	$ 22,004
Non-recurring merger-related charges	$ 46,519	--	--	--	--	--
Income (loss) before minority interest and extraordinary item	$ 36,367	$ 37,179	$ 17,146	$ 4,990	$ (110)	$ (1,064)
Income (loss) before extraordinary item	$ 4,988	$ 32,419	$ 13,638	$ 3,939	$ (110)	$ (1,064)
Basic earnings per common share-- before extraordinary item(1)	$ 0.13	$ 1.76	$ 1.23	$ 0.38		
Diluted earnings per common share-- before extraordinary item(1)	$ 0.12	$ 1.73	$ 1.22	$ 0.38		
Dividends declared per common share	$ 1.90	$ 1.75	$ 1.66	$ 0.54		
Basic weighted average shares outstanding	39,266	18,461	11,122	10,500		
Diluted weighted average shares outstanding	44,156	21,436	14,041	13,302		

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Balance Sheet Data

December 31, In thousands	The Company 1997	1996	1995	1994	The Cali Group 1993
		December 31,			
<S>	<C>	<C>	<C>	<C>	<C>
Rental property, before accumulated depreciation and amortization	$2,629,616	$ 853,352	$ 387,675	$ 234,470	$ 213,675
Total assets	$2,593,444	$1,026,328	$ 363,949	$ 225,295	$ 208,828
Mortgages and loans payable	$ 972,650	$ 268,010	$ 135,464	$ 77,000	$ 231,981
Total liabilities	$1,056,759	$ 297,985	$ 150,058	$ 88,081	$ 243,163
Minority interest	$ 379,245	$ 26,964	$ 28,083	$ 28,903	--
Stockholders' equity (partner's deficit)	$1,157,440	$ 701,379	$ 185,808	$ 108,311	$ (34,355)

</TABLE>

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Other Data

December 31, In thousands	The Company 1997	1996	1995	August 31, 1994 to December 31, 1994	January 1, 1994 to August 30, 1994	The Cali Group Year Ended 1993
	Year Ended December 31,					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Cash flows provided by operating activities	$ 98,142	$ 46,823	$ 28,446	$ 6,367	$ 6,328	$ 2,735
Cash flows (used in) provided by investing activities	$(939,501)	$(307,752)	$(133,736)	$ (8,947)	$ 1,975	$ (3,227)
Cash flows provided by (used in) financing activities	$ 639,256	$ 464,769	$ 99,863	$ 8,974	$ (1,038)	$ (886)
Funds from operations before distribution to preferred unitholders and minority interest of common unitholders(2)	$ 111,752	$ 45,220	$ 27,397	$ 8,404		
Funds from operations before minority interest(2)	$ 110,864	$ 45,220	$ 27,397	$ 8,404		

</TABLE>

(1) Earnings per share (EPS) amounts were retroactively restated in accordance with FASB No. 128, except for the Cali Group periods, as the Cali Group consisted of a series of partnerships.

(2) The Company considers funds from operations (after adjustment for straight-lining of rents) one measure of REIT performance. Funds from operations is defined as net income (loss) before minority interest of unitholders (preferred and common) computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from debt restructuring, other extraordinary and significant non-recurring items and sales of property, plus real estate-related depreciation and amortization. Funds from operations should not be considered as an alternative for net income as an indication of the Company's performance or to cash flows as a measure of liquidity. Funds from operations presented herein is not necessarily comparable to Funds from operations presented by other real estate companies due to the fact that not all real estate companies use the same definition. However, the Company's funds from operations is comparable to the funds from operations of real estate companies that use the current definition of the National Association of Real Estate Investment Trusts ("NAREIT"), after the adjustment for straight-lining of rents.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of
Financial Condition and Results of Operations

Mack-Cali Realty Corporation and Subsidiaries

The following discussion should be read in conjunction with the Consolidated Financial Statements of Mack-Cali Realty Corporation and the notes thereto.

The following comparisons for the year ended December 31, 1997 ("1997"), as compared to the year ended December 31, 1996 ("1996") and for 1996, as compared to the year ended December 31, 1995 ("1995") make reference to the following: (i) the effect of the "Same-Store Properties," which represent all properties owned by the Company at December 31, 1995 (for the 1997 versus 1996 comparison), and which represents all properties owned by the Company at December 31, 1994 (for the 1996 versus 1995 comparison), (ii) the effect of the acquisition of the RM Properties on January 31, 1997 (iii) the effect of the acquisition of the Mack Properties on December 11, 1997, (iv) the effect of the "Acquired Properties," which represent all properties acquired by the Company from January 1, 1996 through December 31, 1997 excluding the RM Properties and the Mack Properties, (for the 1997 versus 1996 comparison), and which represent all properties acquired by the Company from January 1, 1995 through December 31, 1996 (for the 1996 versus 1995 comparison), and (v) the effect of the "Disposition," which refers to the Company's sale of its Essex Road property on March 20, 1996.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Total revenues increased $154.3 million, or 161.6 percent, for 1997 over 1996. Base rents increased $129.3 million, or 168.1 percent, of which an increase of $61.4 million, or 79.7 percent, was attributable to the Acquired Properties, an increase of $58.4 million, or 75.9 percent, due to the RM Properties, an increase of $8.0 million, or 10.4 percent, due to the Mack Properties and an increase of $1.8 million, or 2.4 percent, due to occupancy and rental rate changes at the Same-Store Properties, offset by a decrease of $0.3 million, or 0.3 percent, due to the Disposition. Escalations and recoveries increased $16.7 million, or 115.7 percent, of which an increase of $11.2 million, or 77.4 percent, was attributable to the Acquired Properties, an increase of $4.9 million, or 34.2 percent, due to the RM Properties, an increase of $0.5 million, or 3.7 percent, due to the Mack Properties, and an increase of $0.1 million, or 0.4 percent, due to occupancy changes at the Same-Store Properties. Parking and other income increased $4.7 million, or 213.5 percent, of which $4.0 million, or 182.1 percent, was attributable to the RM Properties and $0.8 million, or 37.6 percent, was attributable to the Acquired Properties, offset by a decrease of $0.1 million, or 6.2 percent, due to the Same-Store Properties. Interest income increased $3.6 million, or 189.3 percent, due primarily to investment of the funds held from the Company's October 1997 common stock offering.

Total expenses for 1997 increased $149.4 million, or 233.7 percent, as compared to 1996. Real estate taxes increased $16.6 million, or 176.7 percent, for 1997 over 1996, of which an increase of $6.6 million, or 69.6 percent, was attributable to the Acquired Properties, an increase of $9.0 million, or 95.9 percent, due to the RM Properties, an increase of $0.6 million, or 6.6 percent, due to the Mack Properties, and an increase of $0.5 million, or 5.1 percent, attributable to the Same-Store Properties, offset by a decrease of $0.1 million, or 0.5 percent, due to the Disposition. Additionally, operating services increased $18.7 million, or 154.9 percent, and utilities increased $10.1 million, or 124.2 percent, for 1997 over 1996. The aggregate increase in operating services and utilities of $28.8 million, or 142.6 percent, consists of $15.5 million, or 76.7 percent, attributable to the Acquired Properties, an increase of $12.9 million, or 63.8 percent, due to the RM Properties, and an increase of $1.7 million, or 8.2 percent, due to the Mack Properties, offset by a decrease of $1.1 million, or 5.3 percent, attributable to the Same-Store Properties and a decrease of $0.2 million, or 0.8 percent, due to the Disposition. General and administrative expense increased $10.1 million, or 173.5 percent, of which $7.1 million, or 121.1 percent, is due primarily to an increase in payroll and related costs as a result of the Company's expansion in late 1996 and 1997 and $3.0 million, or 52.4 percent, is attributable to additional costs related to the RM Properties. Depreciation and amortization increased $22.1 million, or 150.0 percent, for 1997 over 1996, of which $10.4 million, or 70.4 percent, relates to depreciation on the Acquired Properties, an increase of $10.0 million, or 67.7 percent, attributable to the RM Properties, an increase of $1.0 million, or 6.6 percent, due to the Mack Properties, and an increase of $0.8 million, or 5.8 percent, due to the Same-Store Properties, offset by a decrease of $0.1 million, or 0.5 percent, due to the Disposition. Interest expense increased $25.3 million, or 184.0 percent, for 1997 over 1996, of which $12.2 million, or 88.6 percent, was attributable to the TIAA Mortgage, $9.1 million, or 66.5 percent, due to the Harborside Mortgages, an increase of $1.4 million, or 9.9 percent, due to assumed mortgages from the Mack Properties, and an increase of $8.3 million, or 60.1 percent, due to net additional drawings from the Company's credit facilities as a result of Company acquisitions and the $200 million Prudential Term Loan obtained in December 1997, as well as changes in LIBOR, offset by a decrease of $5.7 million, or 41.1 percent, due to the August 1997 prepayment of the Mortgage Financing. Non-recurring merger-related charges of $46.5 million were incurred in 1997, as a result of the Mack Transaction.

Income before gain on sale of rental property, minority interest, and extraordinary items increased to $36.4 million in 1997 from $31.5 million in 1996. The increase of $4.9 million was due to the factors discussed above.

Net income decreased $30.5 million for 1997, from $31.9 million in 1996 to $1.4 million in 1997, primarily as a result of an increase in income allocable to minority interests of $26.6 million, including the effect of the beneficial conversion feature and distributions to preferred unitholders (See Note 13 to Financial Statements). Net income was also effected by a gain on the sale of the Disposition property of $5.7 million in 1996 and the recognition in 1997 of an extraordinary loss of $3.6 million (net of minority interest's share of $0.4 million), offset by an increase in income before gain on sale of rental property, minority interest and extraordinary item of $4.9 million, and the recognition in 1996 of an extraordinary loss of $0.5 million (net of minority interest's share of $0.1 million.)

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Total revenues increased $33.1 million, or 53.2 percent, for 1996 over 1995. Base rents increased $26.1 million, or 51.4 percent, of which an increase of $26.4 million, or 52.0 percent, was attributable to the Acquired Properties, and an increase of $0.9 million, or 1.8 percent, as a result of occupancy changes at the Same-Store Properties, offset by a decrease of $1.2 million, or 2.4 percent, as a result of the Disposition. Escalations and recoveries increased $4.9 million, or 51.8 percent, of which an increase of $4.6 million, or 49.0 percent, was attributable to the Acquired Properties, and $0.4 million, or 4.0 percent, as a result of occupancy changes at the Same-Store Properties, offset by a decrease of $0.1 million, or 1.2 percent, due to the Disposition. Parking and other income increased $0.5 million, or 29.5 percent, of which $0.3 million, or 17.9 percent, was attributable to the Same-Store Properties, and $0.3 million, or 15.9 percent, due to the Acquired Properties, offset by a decrease of $0.1 million, or 4.3 percent, due to the Disposition. Interest income increased $1.6 million for 1996 over 1995, due primarily to the funds held at December 31, 1996 from the Company's common stock offering in November 1996.

Total expenses for 1996 increased $18.7 million, or 41.5 percent, as compared to 1995. Real estate taxes increased $3.5 million, or 60.4 percent, for 1996 over 1995, of which $3.6 million, or 60.9 percent, was a result of the Acquired Properties, and $0.1 million, or 2.6 percent, related to the Same-Store Properties, offset by a decrease of $0.2 million, or 3.1 percent, due to the Disposition. Additionally, operating services increased $3.6 million, or 42.4 percent, and utilities increased $1.8 million, or 28.6 percent. The aggregate increase in operating services and utilities of $5.4 million, or 36.5 percent, consists of $5.9 million, or 39.9 percent, attributable to the Acquired Properties, offset by a decrease of $0.5 million, or 3.4 percent, as a result of the Disposition. General and administrative expense increased $2.1 million, or 56.3 percent, of which $2.2 million, or 57.5 percent, is primarily attributable to an increase in payroll and related costs as a result of the Company's expansion in 1996, offset by a decrease of $0.1 million, or 1.2 percent, due to the Disposition. Depreciation and amortization increased $4.1 million, or 38.3 percent, for 1996 over 1995, of which $4.4 million, or 41.8 percent, related to depreciation on the Acquired Properties, offset by decreases of $0.1 million, or 1.3 percent, for amortization of deferred financing costs due to reduction in debt outstanding on the Same-Store Properties, and $0.2 million, or 2.2 percent, as a result of the Disposition. Interest expense increased $3.6 million, or 36.0 percent, primarily due to an increase in the average outstanding borrowings on the Company's credit facilities during 1996 over 1995 in connection with an increase in property acquisitions, as well as the increase in mortgage indebtedness assumed in connection with the acquisition of Harborside.

Income before gain on sale of rental property, minority interest and extraordinary item increased to $31.5 million in 1996 from $17.1 million in 1995. The increase of $14.4 million was due to the factors discussed above.

Net income increased $18.3 million for 1996, from $13.6 million in 1995 to $31.9 million in 1996, as a result of an increased in income before gain on sale of property, minority interest and extraordinary item of $14.4 million and a gain on sale of the Disposition property of $5.7 million, offset by the increase in minority interest of $1.3 million and the recognition in 1996 of an extraordinary loss for the early retirement of debt of $0.5 million (net of minority interest's share of $0.1 million).

Liquidity and Capital Resources

Statement of Cash Flows

During the year ended December 31, 1997, the Company generated $98.1 million in cash flows from operating activities, and together with $489.1 million in net proceeds from the Company's 13 million share offering in October 1997, $469.2 million in borrowings from the Company's credit facilities, $202.1 million from the Company's cash reserves, $200.0 million in proceeds from a short-term mortgage loan, $7.2 million of proceeds from stock options exercised, and $1.1 million from restricted cash, used an aggregate of $1.47 billion to purchase 132

properties and pay for other tenant improvements and building improvements for $929.0 million, repay outstanding borrowings on its credit facilities and other mortgage debt of $441.8 million, pay quarterly dividends and distributions of $74.5 million, provide $11.6 million for a Mortgage Note Receivable, repurchase 152,000 shares of the Company's common stock for $4.7 million, pay financing costs of $3.1 million, pay debt prepayment and other costs of $1.8 million and pay the amortization on mortgage principal of $0.4 million.

Capitalization

On August 13, 1996 the Company sold 3,450,000 shares of its common stock through a public stock offering (the "August 1996 Offering"). Net proceeds from the August 1996 Offering (after offering costs) were approximately $76.8 million.

On November 4, 1996, the Company obtained a revolving credit facility ("Second Prudential Facility") from PSC currently totaling $100 million which bears interest at 110 basis points over one-month LIBOR, and matures on March 31, 1999. The Second Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Company's equity interest in Harborside. The terms of the Second Prudential Facility include certain restrictions and covenants that limit, among other things, dividend payments and additional indebtedness and that require compliance with specified financial ratios and other financial measurements.

In addition, on November 4, 1996, the Company assumed existing debt and was provided seller-financed mortgage debt aggregating $150 million in connection with the Harborside acquisition (see Note 7 to the Financial Statements).

On November 22, 1996, the Company completed an underwritten public offer and sale of 17,537,500 shares of its common stock using several different underwriters to underwrite such public offer and sale (which included an exercise of the underwriters' over-allotment option of 2,287,500 shares). The Company received approximately $441.2 million in net proceeds (after offering costs) from the offering, and used such funds to complete certain of the Company's property acquisitions in November and December 1996, pay down outstanding borrowings on its revolving credit facilities, and invest in Overnight Investments.

In connection with the RM Transaction on January 31, 1997, the Company assumed a $185.3 million non-recourse mortgage loan with TIAA (see Note 7 to the Financial Statements).

From April 18, 1997 through April 24, 1997, the Company purchased, for constructive retirement, 152,000 shares of its outstanding common stock for $4.7 million. Concurrent with this purchase, the Company sold to the Operating Partnership 152,000 Common Units for $4.7 million.

On May 15, 1997, the stockholders approved an increase in the authorized shares of common stock in the Company from 95 million to 190 million.

On August 6, 1997, the Company obtained an unsecured revolving credit facility (the "Unsecured Facility") in the amount of $400 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 consist of: 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 The First National Bank of Chicago, as co-agents; and KeyBank, Summit Bank, Crestar Bank, Mellon Bank, N.A., Signet Bank, and KredietBank NV.

In conjunction with the Company obtaining the Unsecured Facility, the Company drew funds on the new facility to repay in full and terminate both the First Prudential Facility and the Bank Facility. The Company drew an additional $70 million to repay in full the outstanding balance under the Second Prudential Facility.

On August 12, 1997, the Company prepaid in full and retired the secured Mortgage Financing from funds made available primarily from drawing on the Unsecured Facility (see Note 7 to the Financial Statements).

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 (the "Mack Mortgages"). 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 $92.0 million in variable rate debt bearing interest at a weighted average floating rate of approximately 76 basis points over LIBOR (see Note 7 to the Financial Statements).

On December 10, 1997, the Company obtained a $200 million term loan from PSC (the "Prudential Term Loans"). 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 interest payments are required monthly at an interest rate of 110 basis points over one-month LIBOR. The loan is a recourse

loan secured by 11 properties owned by the Company and located in New Jersey.

On October 15, 1997, the Company completed an underwritten public offer and sale of 13,000,000 shares of its common stock (the "1997 Offering"), from which the Company received approximately $489.1 million in net proceeds (after offering costs). The Company used $160 million of such proceeds to repay outstanding borrowings on its Unsecured Facility and the remainder of the proceeds to fund a portion of the purchase price of the Mack Transaction, for other acquisitions, and for general corporate purposes.

On February 25, 1998, the Company completed an underwritten public offer and sale of 2,500,000 shares of its common stock using one underwriter. The Company used the net proceeds, which totaled approximately $92.0 million (after offering costs) to make a partial paydown of outstanding borrowings under the Unsecured Facility and to fund the acquisition of Mountainview.

Following the February 1998 stock offering, the Company has approximately $2.4 billion in availability under its effective equity shelf registrations.

As of December 31, 1997, the Company had 114 unencumbered properties, totaling 11.3 million square feet, representing approximately 51.2 percent of the Company's year-end portfolio.

Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service and capital expenditures, excluding non-recurring capital expenditures. Management believes that the Company will have access to the capital resources necessary to expand and develop its business. To the extent that the Company's cash flow from operating activities is insufficient to finance its non-recurring capital expenditures such as property acquisition costs and other capital expenditures, the Company expects to finance such activities through borrowings under its credit facilities and other debt and equity financing.

The Company expects to meet its short-term liquidity requirements generally through its working capital and net cash provided by operating activities, along with the Second Prudential Facility and the Unsecured Facility. The Company is frequently examining potential property acquisitions and, at any given time, one or more of such acquisitions may be under consideration. Accordingly, the ability to fund property acquisitions is a major part of the Company's financing requirements. The Company expects to meet its financing requirements through funds generated from operating activities, long-term or short term borrowings (including draws on the Company's credit facilities) and the issuance of debt securities or additional equity securities. In addition, the Company anticipates utilizing the Second Prudential Facility and the Unsecured Facility primarily to fund property acquisition activities.

The Company does not intend to reserve funds to retire the existing TIAA Mortgage, Harborside Mortgages, Mack Mortgages, and borrowings under the revolving credit facilities or other long-term mortgages and loans payable upon maturity. Instead, the Company will seek to refinance such debt at maturity or retire such debt through the issuance of additional equity or debt securities. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distribution discussed below may be adversely affected.

To maintain its qualification as a REIT, the Company must make annual dividend payments to its stockholders of at least 95 percent of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains. Moreover, the Company intends to continue to make regular quarterly dividend payments to its stockholders which, based upon current policy, in the aggregate would equal approximately $104.9 million on an annualized basis, as well as quarterly distributions to unitholders. However, any such dividend or distribution, whether for federal income tax purposes or otherwise, would only be paid out of available cash after meeting both operating requirements and scheduled debt service on mortgages and loans payable.

Funds from Operations

The Company considers funds from operations, (after adjustment for straight-lining of rents), one measure of REIT performance. Funds from operations is defined as net income (loss) before minority interest of unitholders (preferred and common), computed in accordance with Generally Accepted Accounting Principles ("GAAP"), excluding gains (or losses) from debt restructuring, other extraordinary and significant non-recurring items, and sales of property, plus real estate-related depreciation and amortization. Funds from operations should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity.

Funds from operations for the year ended December 31, 1997, 1996, and 1995, calculated in accordance with the National Association of Real Estate Investment Trusts' ("NAREIT") definition published in March 1995, are summarized in the following table:

In thousands Year Ended December 31,	1997	1996	1995
Income before non-recurring merger-related charges, gain on sale of rental property, distribution to preferred unitholders, minority interest, and extraordinary item	$ 82,886	$ 31,521	$ 17,146
Add: Real estate-related depreciation and amortization	36,599	14,677	10,563
Deduct: Rental income adjustment for straight-lining of rents	(7,733)	(978)	(312)
Funds from operations after adjustment for straight-lining of rents and before distributions to preferred unitholders	$ 111,752	$ 45,220	$ 27,397
Deduct: Distribution to preferred unitholders	(888)	--	--
Funds from operations after adjustment for straight-lining of rents	$ 110,864	$ 45,220	$ 27,397
Fully-converted weighted average shares/units outstanding(1)	43,739	21,171	13,986
Weighted average shares/units outstanding(2)	43,356	21,171	13,986

(1) Assumes redemption/conversion of all outstanding units (both preferred and common), calculated on a weighted average basis, for shares of common stock in the Company.
(2) Assumes redemption of all common units, calculated on a weighted average basis, for shares of common stock in the Company.

Inflation

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

Disclosure Regarding Forward-Looking Statements

The Company considers portions of this information to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of The Securities Exchange Act of 1934. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted as a separate section of this Form 10-K. See Item 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is incorporated by reference from the Company's definitive proxy statement, dated March 31, 1998, for its annual meeting of shareholders to be held on May 21, 1998.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the Company's definitive proxy statement, dated March 31, 1998, for its annual meeting of shareholders to be held on May 21, 1998.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from the Company's definitive proxy statement, dated March 31, 1998, for its annual meeting of shareholders to be held on May 21, 1998.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated by reference from the Company's definitive proxy statement, dated March 31, 1998, for its annual meeting of shareholders to be held on May 21, 1998.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements and Report of Price Waterhouse LLP, Independent Accountants

Consolidated Balance Sheets:

Consolidated as of December 31, 1997 and 1996

Consolidated Statements of Operations:

Consolidated for the Years Ended December 31, 1997, 1996 and 1995

Consolidated Statements of Changes in Stockholders' Equity:

Consolidated for the Years Ended December 31, 1997, 1996 and 1995

Consolidated Statements of Cash Flows:

Consolidated for the Years Ended December 31, 1997, 1996 and 1995

Notes to Consolidated Financial Statements

(a) 2. Financial Statement Schedules

Schedule III - Real Estate Investments and Accumulated Depreciation as of December 31, 1997

All other schedules are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

(a) 3. Exhibits

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed:

EXHIBIT INDEX:

Exhibit Number	Exhibit Title
10.99	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997 by and among the Company and the Mack Group (1)
10.100	Certificate of Designation of Series A Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P. (1)
10.101	Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Mack- Cali Realty, L.P. (1)

10.102	Certificate of Designation of Contingent Non-Participating Common Operating Partnership Units of Limited Partnership Interest of Mack- Cali Realty, L.P. (1)
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. (1)
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. (1)
10.105	Form of Warrant Agreement to purchase Common Operating Partnership Units of Limited Partnership Interest of Mack- Cali Realty, L.P. (1)
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 (1)
10.107	Warrant Agreement, dated December 12, 1997, executed in favor James Mertz to purchase shares of Common Stock of Mack-Cali Realty Corporation (1)
10.108	Warrant Agreement, dated December 12, 1997, executed in favor James Clabby to purchase shares of Common Stock of Mack-Cali Realty Corporation (1)
10.109	Registration Rights Agreement, dated December 11, 1997 among Mack-Cali Realty Corporation and the investors listed therein (1)
10.110	Second Amended and Restated Agreement of Limited Partnership, dated December 11, 1997, for Mack-Cali Realty, L.P. (1)
10.111	Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Mitchell E. Hersh (1)
10.112	Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Thomas A. Rizk (1)
10.113	Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Brant Cali (1)
10.114	Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and John R. Cali (1)

10.115	Amended and Restated Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Roger W. Thomas (1)
10.116	Amended and Restated Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Barry Lefkowitz (1)
10.117	Amended and Restated Employment Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Timothy M. Jones (1)
10.118	Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Earle Mack (1)
10.119	Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and David Mack (1)
10.120	Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and Frederic Mack (1)
10.121	Non-Competition Agreement, dated December 11, 1997, between Mack-Cali Realty Corporation and William Mack (1)
10.122	Credit Agreement, dated as of December 10, 1997, by and among Cali Realty, L.P. and the other signatories thereto (1)
10.123	Form of Promissory Note, dated as of December 10, 1997, of Cali Realty, L.P. in favor of Prudential Securities Credit Corporation (1)
10.124	Mortgage, Security Agreement and assignment of Leases and Rents, dated as of December 10, 1997, in favor of Prudential Securities Credit Corporation (1)
10.125	Purchase and Sale Agreement dated November 19, 1997 between The Trooper Partnership, LTD. and Cali Realty Acquisition Corporation (2)
10.126	Contribution and Exchange Agreement among Princeton Overlook Limited Liability Company, Cali Realty, L.P. and Cali Realty

	Corporation, dated October 18, 1997
10.127	First Amendment to Contribution and Exchange Agreement among Princeton Overlook Limited Liability Company and Cali Realty, L.P. and Cali Realty Corporation, dated December 18, 1997
10.128	Purchase and Sale Agreement by and between The Concord Plaza Joint Venture, as Seller, and Cali Realty Acquisition Corp., as Buyer, dated December 19, 1997
10.129	Purchase and Sale Agreement between RMC Development Company, LLC and Cali Stamford Realty Associates L.P., dated January 23, 1998
10.130	Agreement of Sale between John S. McGarvey, Joanne H. McGarvey, et als., as Sellers, and Mack-Cali Realty, L.P. and Burlington Commerce Realty Associates, L.P., as Purchasers, dated January 30, 1998
10.131	Agreement of Sale between The Moorestown Twosome and Lancer Associates, L.L.C., as Seller, and Mack-Cali Realty, L.P., as Purchaser, dated January 30, 1998
10.132	Agreement by and between Lancer Associates, L.L.C. and Mack-Cali Realty, L.P., dated January 30, 1998
10.133	Loan Modification and Assumption Agreement by and among John S. McGarvey and Joanne H. McGarvey, Mack- Cali Realty, L.P., and Sun Life Assurance Company of Canada, dated January 30, 1998

10.134	Note and Mortgage Modification and Assumption Agreement, dated January 30, 1998, by and between Mack-Cali Realty, L.P. and First Union National Bank, successor by merger to First Fidelity Bank, National Association, and Bromley Common Associates
10.135	Loan Modification and Assumption Agreement, dated January 30, 1998, by and among Moorestown West Partnership, Mack-Cali Realty, L.P., and Sun Life Assurance Company of Canada
10.136	Agreement of Purchase and Sale by and between Brel Associates XIV, L.P. (Seller) and Mack-Cali Realty, L.P. (Purchaser), dated February 2, 1998
10.137	Purchase Agreement by and between 500 West Putnam Associates, Cecio Properties Limited Partnership, and Cali Realty Acquisition Corporation, dated February 3, 1998
10.138	Purchase Agreement for Real Property and Escrow Instructions between IB Brell, L.P., as Seller, and Mack-Cali Realty, L.P., as Buyer, dated February 4, 1998
10.139	First Amendment to Purchase Agreement for Real Property, dated February 23, 1998, by and between IB Brell, L.P., as Seller, and Mack-Cali Realty, L.P., as Buyer
10.140	First Amendment to Agreement of Purchase and Sale, dated March 12, 1998, by and between JMB Group Trust III, as Seller, and Mack-Cali Realty Acquisition Corp., as Purchaser
10.141	Agreement of Purchase and Sale by and between Group Trust III, as Seller, and Mack-Cali Realty Acquisition Corp., as Buyer, dated January 27, 1998
10.142	Underwriting Agreement, dated October 9, 1997, by and between Cali Realty Corporation and Prudential Securities Incorporated
10.143	Underwriting Agreement, dated February 19, 1998, by and between Mack-Cali Realty Corporation and Prudential Securities Incorporated
10.144	Underwriting Agreement, dated March 24, 1998, by and between Mack-Cali Realty Corporation and Wheat First Securities, Inc.
23	Consent of Price Waterhouse LLP
27	Financial Data Schedule

- ---

(1) Incorporated by reference to the identically numbered exhibit to the Company's Form 8-K, dated December 11, 1997.

(2) Incorporated by reference to the identically numbered exhibit to the Company's Form 8-K, dated January 16, 1998.

- ---

(b). Reports on Form 8-K

The Company filed Current Reports on Form 8-K and 8-K/A, dated December 11, 1997 and September 19, 1997, respectively, during

the quarter ended December 31, 1997. Items 2 and 7 were reported.

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: March 30, 1998 /s/ Barry Lefkowitz
Barry Lefkowitz
Executive Vice President
and Chief Financial Officer

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: March 30, 1998 /s/ John J. Cali
John J. Cali
Chairman of the Board

Date: March 30, 1998 /s/ Thomas A. Rizk
Thomas A. Rizk
Chief Executive Officer and Director

Date: March 30, 1998 /s/ Mitchell E. Hersh
Mitchell E. Hersh
President, Chief Operating Officer
and Director

Date: March 30, 1998 /s/ Barry Lefkowitz
Barry Lefkowitz
Executive Vice President
and Chief Financial Officer

Date: March 30, 1998 /s/ Brendan T. Byrne, Esq.
Brendan T. Byrne, Esq.
Director

Date: March 30, 1998 /s/ Martin D. Gruss
Martin D. Gruss
Director

Date: March 30, 1998 /s/ Jeffrey B. Lane
Jeffrey B. Lane
Director

Date: March 30, 1998 /s/ Earle I. Mack
Earle I. Mack
Director

Date: March 30, 1998 /s/ William L. Mack
William L. Mack
Director

Date: March 30, 1998 /s/ Paul A. Nussbaum
Paul A. Nussbaum

Director

Date: March 30, 1998 /s/ Alan G. Philibosian

Alan G. Philibosian
Director

Date: March 30, 1998 /s/ Dr. Irvin D. Reid

Dr. Irvin D. Reid
Director

Date: March 30, 1998 /s/ Vincent Tese

Vincent Tese
Director

Date: March 30, 1998 /s/ Robert F. Weinberg

Robert F. Weinberg
Director

Report of Independent Accountants

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

In our opinion, the consolidated financial statements listed in the index appearing in Item 14 (a) (1) and (2) present fairly, in all material respects, the financial position of Mack-Cali Realty Corporation and its subsidiaries at December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP
- ---
Price Waterhouse LLP
New York, New York
February 26, 1998

Consolidated Balance Sheets
Mack-Cali Realty Corporation and Subsidiaries

In thousands, except per share amounts

<TABLE>
<CAPTION>

December 31,	1997	1996
<S>	<C>	<C>
Assets		
Rental property		
Land	$ 374,242	$ 98,127
Buildings and improvements	2,206,462	718,466
Tenant improvements	44,596	35,626
Furniture, fixtures and equipment	4,316	1,133
	2,629,616	853,352
Less--accumulated depreciation and amortization	(103,133)	(68,610)
Total rental property	2,526,483	784,742
Cash and cash equivalents (includes $201,269 in overnight investments at December 31, 1996)	2,704	204,807
Unbilled rents receivable	27,438	19,705
Deferred charges and other assets, net	18,989	11,840
Restricted cash	6,844	3,160
Accounts receivable, net of allowance for doubtful accounts of $327 and $189	3,736	2,074
Mortgage note receivable	7,250	--
Total assets	$ 2,593,444	$ 1,026,328

Liabilities and Stockholders' Equity		
Mortgages and loans payable	$ 972,650	$ 268,010
Dividends and distributions payable	28,089	17,554
Accounts payable and accrued expenses	31,136	5,068
Rents received in advance and security deposits	21,395	6,025
Accrued interest payable	3,489	1,328
Total liabilities	1,056,759	297,985
Minority interest of unitholders in Operating Partnership	379,245	26,964
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized, none issued		
Common stock, $.01 par value, 190,000,000 shares authorized, 49,856,289 and 36,318,937 shares outstanding	499	363
Additional paid-in capital	1,244,883	714,052
Dividends in excess of net earnings	(87,942)	(13,036)
Total stockholders' equity	1,157,440	701,379
Total liabilities and stockholders' equity	$ 2,593,444	$ 1,026,328

</TABLE>

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

Consolidated Statements of Operations
Mack-Cali Realty Corporation and Subsidiaries

<TABLE>
<CAPTION>
In thousands, except per share amounts

Year Ended December 31,	1997	1996	1995
<S>	<C>	<C>	<C>
Revenues			
Base rents	$ 206,215	$ 76,922	$ 50,808
Escalations and recoveries from tenants	31,130	14,429	9,504
Parking and other	6,910	2,204	1,702
Interest income	5,546	1,917	321
Total revenues	249,801	95,472	62,335
Expenses			
Real estate taxes	25,992	9,395	5,856
Utilities	18,246	8,138	6,330
Operating services	30,912	12,129	8,519
General and administrative	15,862	5,800	3,712
Depreciation and amortization	36,825	14,731	10,655
Interest expense	39,078	13,758	10,117
Non-recurring merger-related charges	46,519	--	--
Total expenses	213,434	63,951	45,189
Income before gain on sale of rental property, minority interest and extraordinary item	36,367	31,521	17,146
Gain on sale of rental property	--	5,658	--
Income before minority interest and extraordinary item	36,367	37,179	17,146
Minority interest	31,379	4,760	3,508
Income before extraordinary item	4,988	32,419	13,638
Extraordinary item--loss on early retirement of debt (net of minority interest's share of $402 and $86)	(3,583)	(475)	--
Net income	$ 1,405	$ 31,944	$ 13,638
Basic earnings per share:			
Income before extraordinary item	$ 0.13	$ 1.76	$ 1.23
Extraordinary item	(0.09)	(0.03)	--
Net income	$ 0.04	$ 1.73	$ 1.23
Diluted earnings per share:			
Income before extraordinary item	$ 0.12	$ 1.73	$ 1.22
Extraordinary item	(0.08)	(0.02)	--
Net income	$ 0.04	$ 1.71	$ 1.22
Dividends declared per common share	$ 1.90	$ 1.75	$ 1.66
Basic weighted average shares outstanding	39,266	18,461	11,122
Diluted weighted average shares outstanding	44,156	21,436	14,041

</TABLE>

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

Consolidated Statement of Changes in Stockholders' Equity
Mack-Cali Realty Corporation and Subsidiaries

<TABLE>
<CAPTION>

In thousands	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings (Dividends in Excess of Net Earnings)	Unamortized Stock Compensation	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1995	10,500	$ 105	$ 109,920	$ (1,714)	--	$ 108,311
Net income	--	--	--	13,638	--	13,638
Dividends	--	--	--	(19,238)	--	(19,238)
Net proceeds from common stock offering	4,600	46	83,548	--	--	83,594
Purchase of treasury stock	(100)	(1)	(1,594)	--	--	(1,595)
Conversion of Units to shares of common stock	105	1	1,097	--	--	1,098
Balance at December 31, 1995	15,105	151	192,971	(7,314)	--	185,808
Net income	--	--	--	31,944	--	31,944
Dividends	--	--	--	(37,666)	--	(37,666)
Net proceeds from common stock offerings	20,987	210	518,009	--	--	518,219
Conversion of Units to shares of common stock	101	1	1,072	--	--	1,073
Proceeds from stock options exercised	126	1	2,000	--	--	2,001
Balance at December 31, 1996	36,319	363	714,052	(13,036)	--	701,379
Net income	--	--	--	1,405	--	1,405
Dividends	--	--	--	(76,311)	--	(76,311)
Net proceeds from common stock offering	13,000	130	488,986	--	--	489,116
Issuance of Stock Award Rights and Stock Purchase Rights	351	4	12,522	--	(12,526)	--
Amortization of stock compensation	--	--	--	--	12,526	12,526
Beneficial conversion feature	--	--	26,801	--	--	26,801
Purchase of treasury stock	(152)	(2)	(4,678)	--	--	(4,680)
Conversion of Units to shares of common stock	1	--	17	--	--	17
Proceeds from stock options exercised	337	4	7,183	--	--	7,187
Balance at December 31, 1997	49,856	$ 499	$ 1,244,883	$ (87,942)	--	$ 1,157,440

</TABLE>

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

Consolidated Statements of Cash Flows
Mack-Cali Realty Corporation and Subsidiaries

<TABLE>
<CAPTION>
In thousands

Year Ended December 31,	1997	1996	1995
<S>	<C>	<C>	<C>
Cash Flows from Operating Activities			
Net income	$ 1,405	$ 31,944	$ 13,638
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	36,825	14,731	10,655
Amortization of deferred financing costs	983	1,081	1,456
Amortization of stock compensation	12,526	--	--
Gain on sale of rental property	--	(5,658)	--
Minority interest	31,379	4,760	3,508
Extraordinary item-loss on early retirement of debt	3,583	475	--
Changes in operating assets and liabilities:			
Increase in unbilled rents receivable	(7,733)	(979)	(312)
Increase in deferred charges and other assets, net	(9,507)	(4,335)	(1,678)
Increase in accounts receivable, net	(1,663)	(629)	(99)
Increase in accounts payable and accrued expenses	17,569	1,823	35
Increase in rents received in advance and security deposits	10,614	2,911	878
Increase in accrued interest payable	2,161	699	365
Net cash provided by operating activities	$ 98,142	$ 46,823	$ 28,446
Cash Flows from Investing Activities			
Additions to rental property	$(928,974)	$(318,145)	$(133,489)
Issuance of mortgage note receivable	(11,600)	--	--
Proceeds from sale of rental property	--	10,324	--
Decrease (increase) in restricted cash	1,073	69	(247)
Net cash used in investing activities	$(939,501)	$(307,752)	$(133,736)
Cash Flows from Financing Activities			
Proceeds from mortgages and loans payable	$ 669,180	$ 272,113	$ 60,402
Repayments of mortgages and loans payable	(442,185)	(294,819)	(20,702)
Payment of financing costs	(3,095)	--	(102)
Debt prepayment premiums and other costs	(1,812)	(312)	--
Purchase of treasury stock	(4,680)	--	(1,595)
Net proceeds from common stock offerings	489,116	518,219	83,594
Proceeds from stock options exercised	7,187	2,001	--
Payment of dividends and distributions	(74,455)	(32,433)	(21,734)
Net cash provided by financing activities	$ 639,256	$ 464,769	$ 99,863
Net (decrease) increase in cash and cash equivalents	$(202,103)	$ 203,840	$ (5,427)
Cash and cash equivalents, beginning of period	204,807	967	6,394
Cash and cash equivalents, end of period	$ 2,704	$ 204,807	$ 967

</TABLE>

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

Notes to Consolidated Financial Statements
Mack-Cali Realty Corporation and Subsidiaries
(dollars in thousands, except per share or unit amounts)

1) Organization and Basis of Presentation

Organization

Mack-Cali Realty Corporation, (previously Cali Realty Corporation) a Maryland corporation, and subsidiaries (the "Company") is a fully-integrated, self-administered, self-managed real estate investment trust ("REIT") providing leasing, management, acquisition, development, construction and tenant-related services for its properties. As of December 31, 1997, the Company owned and operated 189 properties (the "Properties") aggregating approximately 22.0 million square feet, consisting of 177 office and office/flex buildings totaling approximately 21.6 million square feet, six industrial/warehouse buildings totaling approximately 387,000 square feet, two multi-family residential complexes consisting of 453 units, two stand-alone retail properties and two land leases. The Properties are located in ten states, primarily in the Northeast and Southwest.

Basis of Presentation

The accompanying consolidated financial statements include all accounts of the Company and its majority-owned subsidiaries, which consist principally of Mack-Cali Realty, L.P. (the "Operating Partnership"). All significant

intercompany accounts and transactions have been eliminated.

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

2) Significant Accounting Policies

Rental Property - Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition and development of rental properties are capitalized. Capitalized development costs include interest, property taxes, insurance and other project costs incurred during the period of construction. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Management does not believe that the value of any of its rental properties is impaired.

Cash and Cash Equivalents - All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. At December 31, 1996, cash and cash equivalents included investments in overnight reverse repurchase agreements ("Overnight Investments") totaling $201,269. Investments in Overnight Investments are subject to the risks that the counter-party will default and the collateral will decline in market value. The Overnight Investments held by the Company at December 31, 1996 matured on January 2, 1997. The entire balance, including interest income earned, was realized by the Company and ultimately used in the funding of the RM Transaction on January 31, 1997 (see Note 3).

Deferred Financing Costs - Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs is included in interest expense and was $983, $1,081 and $1,456 for the years ended December 31, 1997, 1996 and 1995, respectively.

Deferred Leasing Costs - Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and are included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Operating Partnership provide leasing services to the Properties and receive fees as compensation ranging from 0.667 percent to 2.667 percent of adjusted rents. For the years ended December 31, 1997, 1996 and 1995, such fees, which are capitalized and amortized, approximated $761, $490 and $575, respectively.

Revenue Recognition - The Company recognizes base rental revenue on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Parking revenue includes income from parking spaces leased to tenants. Rental income on multi-family residential property under operating leases having terms generally of one year or less is recognized when earned.

The Company receives reimbursements from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs (see Note 12).

Income and Other Taxes - The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company generally will not be subject to federal income tax to the extent it distributes at least 95 percent of its REIT taxable income to its shareholders and satisfies certain other requirements. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The Company is subject to certain state and local taxes.

Interest Rate Contracts - Interest rate contracts are utilized by the Company to reduce interest rate risks. The Company does not hold or issue derivative financial instruments for trading purposes.

The differentials to be received or paid under contracts designated as hedges are recognized in income over the life of the contracts as adjustments to interest expense. Gains and losses are deferred and amortized to interest expense over the remaining life of the associated debt to the extent that such debt remains outstanding.

Earnings Per Share - In accordance with Statement of Financial Accounting Standards No. 128 ("FASB No. 128") the Company presents both basic and diluted earnings per share ("EPS"). Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount. FASB No. 128 is effective for the year ended December 31, 1997, and all prior annual and quarterly periods have been restated.

Dividends and Distributions Payable - The dividends and distributions payable at December 31, 1997 represents dividends payable to shareholders of record on January 5, 1998 (49,856,289 shares), distributions payable to minority interest common unitholders (6,097,477 common units) on that same date and preferred distributions to preferred unitholders (230,562 preferred units) for the fourth quarter 1997. The fourth quarter 1997 dividends and common unit distributions of $0.50 per share and per common unit (pro-rated for units issued during quarter), as well as the pro-rated fourth quarter preferred unit distribution aggregating $888, were approved by the Board of Directors on December 17, 1997 and were paid on January 16, 1998.

Extraordinary Item - Extraordinary item represents the effect resulting from the early settlement of certain debt obligations, net of write-offs of related deferred financing costs, prepayment penalties, yield maintenance payments and other related items.

Underwriting Commissions and Costs - Underwriting commissions and costs incurred in connection with the Company's stock offerings are reflected as a reduction of additional paid-in-capital.

Stock Options - The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations ("APB No. 25"). Under APB No. 25, compensation cost is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted closing market price of the Company's stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized for the Company's stock option plans. The Company provides additional pro forma disclosures as required under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FASB No. 123"). See Note 13.

Non-recurring Charges - The Company considers non-recurring charges as costs incurred specific to significant non-recurring events that materially distort the comparative measurement of the Company's performance.

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

3) Acquisitions/Transactions

In 1995, the Company acquired 27 office and office/flex properties totaling approximately 1.6 million square feet for a total cost of approximately $150,630. The acquired properties are all located in New Jersey and New York.

In 1996, the Company acquired 15 office properties and completed construction on two office/flex properties totaling approximately 3.4 million square feet for a total cost of approximately $451,623. The acquired and constructed properties are all located in New Jersey and Pennsylvania. Concurrently with the acquisition of 103 Carnegie Center in Princeton, Mercer County, New Jersey, the Company sold its office building at 15 Essex Road in Paramus, Bergen County, New Jersey ("Essex Road"). The concurrent transactions with unrelated parties qualified as a tax-free exchange, as the Company used subsequently all of the proceeds from the sale of Essex Road to acquire 103 Carnegie Center.

On January 28, 1997, the Company acquired 1345 Campus Parkway ("1345 Campus"), a 76,300 square foot office/flex property, located in Wall Township, Monmouth County, New Jersey, for approximately $6,729 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 January 31, 1997, the Company acquired 65 properties ("RM Properties")

from Robert Martin Company, LLC and affiliates ("RM") for a total cost of approximately $450,000. The cost of the transaction (the "RM Transaction") was financed through the assumption of $185,283 of mortgage indebtedness ("TIAA Mortgage"), the payment of approximately $220,000 in cash, substantially all of which was obtained from the Company's cash reserves, and the issuance of 1,401,225 common units, valued at $43,788.

The RM Properties 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. The RM Properties are located primarily in established business parks in Westchester County, New York and Fairfield County, Connecticut. The Company has agreed not to sell certain of the RM Properties for a period of seven years without the consent of the RM principals, except for sales made under certain circumstances 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 below). The purchase price for the remaining Option Property, under the agreement, is subject to adjustment based on different formulas and is payable in cash or common units.

In connection with the RM Transaction, the Company holds a $7,250 mortgage loan ("Mortgage Note Receivable") secured by the remaining Option Property (see Note 6).

On May 8, 1997, the Company acquired four buildings in the Westlakes Office Park ("Westlakes"), a suburban office complex located in Berwyn, Chester County, Pennsylvania, totaling approximately 444,350 square feet. The properties were acquired for a total cost of approximately $74,700, 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 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 $10,200, which was made available from drawing on one of the Company's credit facilities.

On August 1, 1997, the Company acquired 1000 Bridgeport Avenue ("Shelton Place"), a 133,000 square-foot office building located in Shelton, Fairfield County, Connecticut. The property was acquired for approximately $15,787, 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 $8,078 through the exercise of a purchase option obtained in connection with the RM Transaction. The acquisition cost, net of the mortgage 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 $4,350 of the $11,600 Mortgage Note Receivable between the Company and such RM principals (See Note 6).

On September 3, 1997, the Company acquired Three Independence Way ("Three Independence"), a 111,300 square-foot office building located in South Brunswick, Middlesex County, New Jersey. The property was acquired for approximately $13,388, which was made available from drawing on one of the Company's credit facilities.

On November 19, 1997, the Company acquired 1000 Madison Avenue ("The Trooper Building"), a 100,655 square-foot office building located in Lower Providence Township, Montgomery County, Pennsylvania. The property was acquired for approximately $14,271, which was made available from the Company's cash reserves.

On December 11, 1997, the Company acquired 54 office properties (the "Mack Properties") from the Mack Company and Patriot American Office Group (the "Mack Transaction"), pursuant to a Contribution and Exchange Agreement (the "Agreement"), for a total cost of approximately $1,102,024.

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 485,000 square feet).

The total cost of the Mack Transaction was financed as follows: (i) $498,757 in cash made available from the Company's cash reserves and from the $200,000 Prudential Term Loan (See Note 7), (ii) $291,879 in debt assumed by the Company (the "Mack Mortgages"), (iii) the issuance of 1,965,886 common units, valued at $66,373, (iv) the issuance of 15,237 Series A preferred units and 215,325 Series B preferred units, valued at $236,491, (collectively, the "Preferred Units"), (v) warrants to purchase 2,000,000 common units (the "Unit Warrants"), valued at $8,524, and (vi) issuance of Contingent Units, as described below.

In addition, 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 certain 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 $291,879 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 $199,931 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 $91,948 in variable rate debt bearing interest at a weighted average floating rate of approximately 76 basis points over the London Inter-Bank Offered Rate (LIBOR). See Note 7.

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 and 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 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 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, 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 $45,769. Such expenses are included in non-recurring merger-related charges for the year ended December 31, 1997. See Note 13.

On December 19, 1997 the Company acquired 100 Overlook Center ("Princeton Overlook") a 149,600 square-foot office building located in Princeton, Mercer County, New Jersey. The property was acquired for approximately $27,218, which was funded through the issuance of 41,421 common units valued at $1,624, 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 ("Concord Plaza"), a 248,700 square-foot office building located in San Antonio, Bexar County, Texas. The property was acquired for approximately $34,075, which was made available from drawing on one of the Company's credit facilities.

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 $1,300, 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 Co., 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 $46,993. 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 $3,700. 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 $8,419 (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 $5,100, 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 $20,125, funded from drawing on one of the Company's credit facilities, as well as the assumption of mortgage debt with an estimated value of $12,104 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 $24,500, which was made available from proceeds received from the Company's February 1998 offering of common stock (see Note 13).

As of February 27, 1998, the Company's portfolio consisted of 209 properties aggregating approximately 23.1 million square feet, consisting primarily of office and office/flex buildings, located in ten states, primarily in the Northeast and Southwest.

In March 1998, the Company agreed to acquire for $170,000 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.

Additionally, in March, the Company signed a contract to purchase Morris County Financial Center, a 308,215 square-foot two-building office complex also located in Parsippany, Morris County, New Jersey for $52,500.

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 $188,000. 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.

4) Deferred Charges and Other Assets

December 31,	1997	1996
Deferred leasing costs	$ 20,297	$ 14,031
Deferred financing costs	3,640	5,390
	23,937	19,421
Accumulated amortization	(9,535)	(8,994)
Deferred charges, net	14,402	10,427
Prepaid expenses and other assets	4,587	1,413
Total deferred charges and other assets, net	$ 18,989	$ 11,840

5) Restricted Cash

Restricted cash includes security deposits for the Company's residential properties and certain commercial properties, and escrow and reserve funds for debt service, real estate taxes, property insurance, capital improvements, tenant improvements, and leasing costs established pursuant to certain mortgage financing arrangements, and is comprised of the following:

December 31,	1997	1996
Escrow and other reserve funds	$1,278	$2,814
Security deposits	5,566	346
Total restricted cash	$6,844	$3,160

6) Mortgage Note Receivable

In connection with the RM Transaction on January 31, 1997, the Company provided an $11,600 non-recourse, non-amortizing mortgage loan to entities controlled by the RM principals, bearing interest at an annual rate of 450 basis points over one-month LIBOR. The Mortgage Note Receivable, which is secured by the Option Properties and guaranteed by certain of the RM principals, matures on February 1, 2000. In addition, the Company received a three percent origination fee in connection with providing the Mortgage Note Receivable.

In conjunction with the acquisition of 200 Corporate, one of the Option Properties, on August 15, 1997, the sellers of the property, certain RM principals, prepaid $4,350 of the Mortgage Note Receivable, leaving a remaining principal balance of $7,250 secured by the remaining Option Property. The Company also received a prepayment fee of $163.

7) Mortgages and Loans Payable

December 31,	1997	1996
TIAA Mortgage	$185,283	--
Harborside Mortgages	150,000	$150,000
Mortgage Financing	--	64,508
CIGNA Mortgages	86,650	--
Mitsubishi Mortgages	72,204	--
Prudential Mortgages	62,205	18,445
Other Mortgages	88,474	--
Prudential Term Loan	200,000	--
Revolving Credit Facilities	122,100	29,805
Contingent Obligation	5,734	5,252
Total mortgages and loans payable	$972,650	$268,010

TIAA Mortgage

In connection with the RM Transaction, on January 31, 1997, the Company assumed a $185,283 non-recourse mortgage loan with Teachers Insurance and Annuity Association of America ("TIAA"), with interest only payable monthly at a fixed annual rate of 7.18 percent. The TIAA Mortgage is secured and cross-collateralized by 43 of the RM Properties and matures on December 31, 2003. The Company, at its option, may convert the TIAA Mortgage to unsecured debt upon achievement by the Company of an investment grade credit rating of Baa3/BBB- or better. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance.

Harborside Mortgages

In connection with the acquisition of Harborside Financial Center ("Harborside"), on November 4, 1996, the Company assumed existing mortgage debt and was provided seller-financed mortgage debt aggregating $150,000. The existing financing, with a principal balance of $104,768 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 $45,232 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.

Mortgage Financing

The $64,508 in mortgage financing (the "Mortgage Financing") consisted of $43,313, which bore interest at a net cost to the Company equal to a fixed rate of 8.02 percent per annum and $20,195, which bore interest at a net cost to the Company equal to a floating rate of 100 basis points over one-month LIBOR with a lifetime interest rate cap of 11.6 percent. On August 12, 1997, the Company retired the Mortgage Financing with funds made available primarily from drawing

on the Unsecured Facility (see below). On account of prepayment fees, loan origination fees, legal fees and other costs incurred in the retirement of the Mortgage Financing, an extraordinary loss of $3,583, net of minority interest's share of the loss ($402) was recorded for the year ended December 31, 1997.

CIGNA Mortgages

In connection with the Mack Transaction, the Company assumed non-recourse mortgage debt (the "CIGNA Mortgages") aggregating $86,650 in principal as of December 31, 1997, with Connecticut General Life Insurance Company (CIGNA). Such mortgages, which are secured by five of the Mack Properties, bear interest at a weighted average annual fixed rate of 7.77 percent and require monthly payments of interest and principal on various term amortization schedules. The CIGNA Mortgages mature between March 1998 and October 2003.

Mitsubishi Mortgages

In connection with the Mack Transaction, the Company assumed non-recourse variable-rate mortgage debt (the "Mitsubishi Mortgages") aggregating $72,204 in principal as of December 31, 1997 with Mitsubishi Trust and Banking Corporation. Such mortgages, which are secured by two of the Mack Properties, bear interest payable monthly at a variable rate of 65 basis points over LIBOR (5.72 percent at December 31, 1997) and mature between January 2008 and January 2009.

Prudential Mortgages

The Company has mortgage debt (the "Prudential Mortgages") aggregating $62,205 in principal as of December 31, 1997 with Prudential Insurance Company of America, substantially all of which was assumed in the Mack Transaction. Such mortgages, which are secured by three properties, bear interest at a weighted average annual fixed rate of 8.43 percent, all of which require monthly payments of interest. In addition, certain of the Prudential Mortgages also require monthly payments of principal, in addition to interest, on various term amortization schedules. The Prudential Mortgages mature between October 2003 and July 2004.

Other Mortgages

The Company has mortgage debt ("Other Mortgages") aggregating $88,474 in principal as of December 31, 1997 with six different lenders, all of which was assumed in the Mack Transaction, and are secured by eight of the Mack Properties. The Other Mortgages are comprised of: (i) fixed rate debt aggregating $69,110, which bears interest at a weighted average fixed rate of 7.11 percent, and require monthly payments of principal and interest on various term amortization schedules, and (ii) variable rate debt aggregating $19,364, which bears interest at 115 basis points over LIBOR. The Other Mortgages mature between February 1999 and September 2005.

Prudential Term Loan

On December 10, 1997, the Company obtained a $200,000 term loan (the "Prudential Term Loan") from Prudential Securities Credit Corp. ("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 interest payments are required monthly at an interest rate of 110 basis points over one-month LIBOR. The loan is a recourse loan secured by 11 properties owned by the Company and located in New Jersey.

Revolving Credit Facilities

First Prudential Facility - The Company had a $70,000 revolving credit facility (the "First Prudential Facility") with PSC. The First Prudential Facility bore interest at a floating rate equal to 150 basis points over one-month LIBOR for the period January 1, 1996 through August 31, 1996. Effective September 1, 1996, the interest rate was reduced to a floating rate equal to 125 basis points over one-month LIBOR. In conjunction with obtaining the Unsecured Facility (see below), the Company repaid in full and terminated the First Prudential Facility on August 7, 1997. The Company had outstanding borrowings of $6,000 at December 31, 1996 under the First Prudential Facility.

Bank Facility - The Company had a revolving credit facility (the "Bank Facility"), secured by certain of its properties, in the amount of $75,000 from two participating banks. The Bank Facility had a three-year term and bore interest at 150 basis points over one-month LIBOR. In conjunction with obtaining the Unsecured Facility (see below), the Company repaid in full and terminated the Bank Facility on August 7, 1997. The Company had outstanding borrowings of $23,805 at December 31, 1996 under the Bank Facility.

Second Prudential Facility - The Company has a revolving credit facility ("Second Prudential Facility") from PSC in the amount of $100,000 which currently bears interest at 110 basis points over one-month LIBOR, and matures on March 31, 1999. The Second Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Company's equity interest in Harborside. The terms of the Second Prudential Facility include certain restrictions and covenants that limit, among other things, dividend payments and additional indebtedness and that require compliance with specified financial

ratios and other financial measurements. The Company had no outstanding borrowings at December 31, 1997 and 1996 under the Second Prudential Facility.

Unsecured Facility - On August 6, 1997, the Company obtained an unsecured revolving credit facility (the "Unsecured Facility") in the amount of $400,000 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 terms of the Unsecured Facility include certain restrictions and covenants which limit, among other things, dividend payments and additional indebtedness and which require compliance with specified financial ratios and other financial measurements. 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.

The lending group for the Unsecured Facility consist of: 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 The First National Bank of Chicago, as co-agents; and KeyBank, Summit Bank, Crestar Bank, Mellon Bank, N.A., Signet Bank, and KredietBank NV.

In conjunction with the Company obtaining the Unsecured Facility, the Company drew funds on the new facility to repay in full and terminate both the First Prudential Facility and the Bank Facility. The Company had outstanding borrowings of $122,100 at December 31, 1997 under the Unsecured Facility.

Contingent Obligation

As part of the Harborside acquisition, the Company agreed to make payments (with an estimated net present value of approximately $5,252 at acquisition date) 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. For the year ended December 31, 1997, interest was imputed on the Contingent Obligation, thereby increasing the balance of the Contingent Obligation to $5,734 as of December 31, 1997.

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 $24,000 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 $26,000, 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 to 5.88 percent per annum on a notional amount of $150,000.

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.

Scheduled Principal Payments, Interest Paid and Capitalized Interest

Scheduled principal payments on the mortgages and loans payable, as of December 31, 1997, are as follows:

Year	Amount
1998	$278,788
1999	61,848
2000	125,265
2001	5,538
2002	10,406
Thereafter	490,805
Total	$972,650

Cash paid for interest for the years ended December 31, 1997, 1996, and 1995 was $36,917, $12,096, and $8,322, respectively. Interest capitalized by the Company for the years ended December 31, 1997, 1996 and 1995 was $820, $118 and $27, respectively.

8) Minority Interest

Minority interest in the accompanying consolidated financial statements relates to common units in the Operating Partnership, in addition to certain preferred units in the Operating Partnership issued in conjunction with the Mack Transaction, held by parties other than the Company. Preferred and common units issued during 1997 are described in Note 3.

Preferred Units

As described in Note 3, in connection with the funding of the Mack Transaction, the Company issued 15,237 Series A Preferred Units and 215,325 Series B Preferred Units, with an aggregate value of $236,490. The Preferred Units have a stated value of $1,000 per unit and are preferred as to assets over any class of common units or other class of preferred units of the Company, based on circumstances per the applicable unit certificates.

The quarterly distribution on each Preferred Unit is an amount equal to the greater of (i) $16.875 (representing 6.75 percent of the stated value of $1,000 per Preferred Unit on an annualized basis) or (ii) the quarterly distribution attributable to a Preferred Unit determined as if such unit had been converted into common units, subject to adjustment for customary anti-dilution rights. Each of the Series A Preferred Units may be converted at any time into common units at a conversion price of $34.65 per common 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. 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.

The Preferred Unit to common unit conversion rate of $34.65 per common unit was less than the $39.0625 closing stock price on the date of closing of the Mack Transaction. Accordingly, on December 11, 1997, the financial value ascribed to this beneficial conversion feature inherent in the Preferred Units upon issuance totaled $26,801 ($29,361 before allocation to minority common unitholders) and was recorded as beneficial conversion feature in stockholders' equity. The beneficial conversion feature was amortized in full as the Preferred Units were immediately convertible upon issuance; such amortization was included in minority interest for the year ended December 31, 1997.

Common Units

Certain individuals and entities own common units in the Operating Partnership. A common unit and a share of common stock of the Company have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the Operating Partnership.

Common units are redeemable by the common unitholders at their option, subject to certain restrictions, on the basis of one common unit for either one share of common stock or cash equal to the fair market value of a share at the time of the redemption. The Company has the option to deliver shares of common stock in exchange for all or any portion of the cash requested. When a unitholder redeems a common unit, minority interest is reduced and the Company's investment in the Operating Partnership is increased.

As described in Note 3, the Company issued an aggregate of 3,408,532 common units in 1997 in connection with the completion of the RM Transaction, the Mack Transaction and Princeton Overlook.

Contingent Common and Preferred Units

In conjunction with the completion of the Mack Transaction, 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 certain performance goals relating to certain of the Mack Properties, specifically the achievement of certain leasing activity.

Unit Warrants

As described in Note 3, in connection with the funding of the Mack Transaction, the Company granted warrants to purchase 2,000,000 common units.

The Unit 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.

Minority Ownership

As of December 31, 1997 and 1996, the minority interest common unitholders owned 10.9 percent (20.4 percent, including the effect of the conversion of Preferred Units into common units) and 6.9 percent of the Operating Partnership, respectively (in all cases, excluding the effect of any exercise of Unit

Warrants).

9) Employee Benefit Plan

All employees of the Company who meet certain minimum age and period of service requirements are eligible to participate in a 401(k) defined contribution plan (the "Plan"). The Plan allows eligible employees to defer up to 15 percent of their annual compensation. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management's discretion, may match employee contributions. No employer contributions have been made to date.

10) Disclosure of Fair Value of Financial Instruments

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable judgement is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments at December 31, 1997 and 1996. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values.

Mortgages and loans payable had an aggregate carrying value of $972,650 and $268,010 as of December 31, 1997 and 1996, respectively, which approximates their estimated aggregate fair value (excluding prepayment penalties) based upon then current interest rates for debt with similar terms and remaining maturities.

The estimated cost to settle the Company's interest rate contracts, at December 31, 1997 and 1996, based on quoted market prices of comparable contracts was $1,404 and $140, respectively.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 1997 and 1996. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since December 31, 1997 and current estimates of fair value may differ significantly from the amounts presented herein.

11) Commitments and Contingencies

Tax Abatement Agreements

Grove Street Property Pursuant to an agreement with the City of Jersey City, New Jersey, as amended, expiring in 2004, the Company is required to make payments in lieu of property taxes ("PILOT") on its property at 95 Christopher Columbus Drive, Jersey City, Hudson County, New Jersey. Such PILOT, as defined, is $1,267 per annum through May 31, 1999 and $1,584 per annum through May 31, 2004.

Harborside Financial Center Property Pursuant to an agreement with the City of Jersey City, New Jersey obtained by the former owner of Harborside in 1988 and assumed by the Company as part of the acquisition of the property in November 1996, the Company is required to make PILOT payments on its Harborside property. The agreement, which commenced in 1990, is for a term of 15 years. Such PILOT is equal to two percent of Total Project Costs, as defined, in year one and increases by $75 per annum through year fifteen. Total Project Costs, as defined, are $148,712.

Ground Lease Agreements

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

Year	Amount
1998	$ 320
1999	320
2000	320
2001	320
2002	320
Thereafter	17,851
Total	$19,451

Other Contingencies

On December 10, 1997, a Shareholder's Derivative Action was filed in Maryland Court on behalf of one individual shareholder. The complaint questioned certain executive compensation decisions made by the Company's Board of Directors in connection with the Mack Transaction. The Board's compensation decisions were discussed in the proxy materials distributed in connection with the Mack Transaction and were approved by in excess of 99 percent of the voting shareholders. Although the Company believes that this lawsuit is factually and legally baseless, the Company recorded $750 for this litigation, which is

included in non-recurring merger-related charges for the year ended December 31, 1997.

The Company is a defendant in certain other litigation arising in the normal course of business activities. Management does not believe that the resolution of these matters will have a materially adverse effect upon the Company.

12) Tenant Leases

The Properties are leased to tenants under operating leases with various expiration dates through 2020. Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of, and/or increases in, real estate taxes and certain operating costs, as defined, and the pass-through of charges for electrical usage.

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

Year	Amount
1998	$ 335,286
1999	304,157
2000	259,715
2001	207,136
2002	168,239
Thereafter	690,884
Total	$1,965,417

13) Stockholders' Equity

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

On August 13, 1996, the Company sold 3,450,000 shares of its common stock through a public stock offering (the "August 1996 Offering"), which included an exercise of the underwriters over-allotment option of 450,000 shares. Net proceeds from the August 1996 Offering (after offering costs) were approximately $76,830.

On November 22, 1996, the Company completed an underwritten public offer and sale of 17,537,500 shares of its common stock. The Company received approximately $441,215 in net proceeds (after offering costs) from the offering, and used such funds to complete certain of the Company's property acquisitions in November and December 1996, pay down outstanding borrowings on its revolving credit facilities, and invest in Overnight Investments.

On May 15, 1997, the stockholders approved an increase in the authorized shares of common stock in the Company to 190,000,000.

On October 15, 1997, the Company completed an underwritten public offer and sale of 13,000,000 shares (the "1997 Offering") of its common stock. The Company received approximately $489,116 in net proceeds (after offering costs) from the 1997 Offering. The Company used $160,000 of such proceeds to repay outstanding borrowings on its Unsecured Facility and the remainder of the proceeds to fund a portion of the purchase price of the Mack Transaction, for other acquisitions, and for general corporate purposes.

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 $92,000 (after offering costs) to pay down a portion of its outstanding borrowings under the Unsecured Facility and to fund the acquisition of Mountainview (see Note 3).

Stock Option Plans

In 1994, and as subsequently amended, the Company established the Cali Employee Stock Option Plan ("Employee Plan") and the Cali Director Stock Option Plan ("Director Plan") under which a total of 5,380,188 shares (subject to adjustment) of the Company's common stock have been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). Stock options granted under the Employee Plan in 1994 and 1995 become exercisable over a three-year period and those options granted under the Employee Plan in 1996 and 1997 become exercisable over a five-year period. All stock options granted under the Director Plan become exercisable in one year.

All options were granted at the fair market value at the dates of grant and have terms of ten years.

As a result of provisions contained in certain of the Company's executive officers' employment agreements, on December 11, 1997, the Mack Transaction triggered the accelerated vesting of unvested stock options held by such officers on that date.

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

Shares under option:	Employee Plan	Director Plan
Outstanding at January 1, 1995		
$15.25-$17.25 per share	600,000	25,000
Granted at $17.25-$19.875 per share	220,200	10,000
Less-Lapsed or canceled	(3,588)	--
Outstanding at December 31, 1995		
$15.25-$19.875 per share	816,612	35,000
Granted at $21.50-$26.25 per share	795,700	14,000
Less-Lapsed or canceled	(7,164)	--
Exercised at $17.25 per share	(116,041)	(10,000)
Outstanding at December 31, 1996		
$15.25-$26.25 per share	1,489,107	39,000
Granted at $33.00-$38.75 per share	1,956,538	170,000
Less-Lapsed or canceled	(30,073)	--
Exercised at $17.25-$26.25 per share	(335,282)	(2,000)
Outstanding at December 31, 1997		
$15.25-$38.75 per share	3,080,290	207,000
Exercisable at December 31, 1997	967,618	37,000
Available for grant at December 31, 1996	175,040	51,000
Available for grant at December 31, 1997	1,448,575	181,000

The weighted-average fair value of options granted during 1997, 1996, and 1995 were $6.66, $2.41, and $1.28 per option, respectively. The fair value of each significant option grant is estimated on the date of grant using the Black-Scholes model. The following weighted average assumptions are included in the Company's fair value calculations of stock options:

	1997	1996	1995
Expected life (years)	6	6	6
Risk-free interest rate	5.84%	6.11%	6.58%
Volatility	23.76%	19.14%	1.41%
Dividend yield	5.29%	7.58%	10.20%

Warrants

On January 31, 1997, in conjunction with the completion of the RM Transaction, the Company granted a total of 400,000 warrants to purchase an equal number of shares of common stock at $33 per share (the market price at date of grant) to Timothy Jones, Brad Berger and certain other Company employees formerly with RM. Such warrants vest equally over a three-year period and have a term of ten years. The unvested warrants held by Timothy Jones and Brad Berger became immediately exercisable on December 11, 1997 as a result of provisions contained in their employment agreements, which were triggered by the Mack Transaction.

On December 12, 1997, in conjunction with the completion of the Mack Transaction, the Company granted a total of 491,756 warrants to purchase an equal number of shares of common stock at $38.75 per share (the market price at date of grant) to Mitchell Hersh, and certain other Company executives formerly with Patriot American Office Group. Such warrants vest equally over a five-year period and have a term of ten years.

The weighted-average fair value of warrants granted during 1997 were $6.27 per warrant. No warrants were granted in 1995 or 1996. The fair value of each warrant grant is estimated on the date of grant using the Black-Scholes model. The following weighted average assumptions are included in the Company's fair value calculation of warrants granted during 1997:

Expected life (years)	6
Risk-free interest rate	5.96%
Volatility	22.77%
Dividend yield	5.29%

Under the above models, the value of stock options and warrants granted during 1997, 1996 and 1995 totaled approximately $22,998, $1,955, and $294, respectively, which would be amortized ratably on a pro forma basis over the appropriate vesting period. Had the Company determined compensation cost for these granted securities in accordance with FASB No. 123, the Company's pro forma net (loss) income and basic (loss) earnings per share and diluted (loss) earnings per share would have been ($3,153), ($0.08) and ($0.08) in 1997, $31,980, $1.73 and $1.49 in 1996 and $13,553, $1.22 and $0.97 in 1995, respectively. The FASB No. 123 method of accounting does not apply to options granted prior to January 1, 1995 and accordingly, the resulting pro forma compensation cost may not be representative of that to be expected in the future.

Stock Compensation

In January 1997, the Company entered into employment contracts with seven of its key executives which provided for, among other things, compensation in the form of stock awards (the "Restricted Stock Awards") and Company-financed stock purchase rights (the "Stock Purchase Rights"), and associated tax obligation payments. In connection with the Restricted Stock Awards, the executives were to receive 199,070 shares of the Company's common stock vesting over a five-year period contingent on the Company meeting certain performance objectives. Additionally, pursuant to the terms of the Stock Purchase Rights, the Company provided fixed rate, non-recourse loans, aggregating $4,750, to such executives to finance their purchase of 152,000 shares of the Company's common stock, which the Company agreed to forgive ratably over five years, subject to continued employment. Such loans were for amounts equal to the fair market value of the associated shares at the date of grant. Subsequently, from April 18, 1997 through April 24, 1997, the Company purchased, for constructive retirement, 152,000 shares of its outstanding common stock for $4,680. The excess of the purchase price over par value was recorded as a reduction to additional paid-in capital. Concurrent with this purchase, the Company sold to the Operating Partnership 152,000 Units for $4,680.

The value of the Restricted Stock Awards and the balance of the loans related to the Stock Purchase Rights at the grant date, were recorded as unamortized stock compensation in stockholders' equity. As a result of provisions contained in certain of the Company's executive officers' employment agreements, which were triggered by the Mack Transaction on December 11, 1997, the loans provided by the Company under the Stock Purchase Rights were forgiven by the Company, and the vesting and issuance of the restricted stock issued under the Restricted Stock Awards was accelerated, and the related tax obligation payments were made. As a result, the accelerated cost of $16,788 affecting the stock compensation described above was included in non-recurring merger-related charges for the year ended December 31, 1997. With such accelerated vestings, there was no remaining balance in unamortized stock compensation as of December 31, 1997.

Included in general and administrative expense for the year ended December 31, 1997 is $2,257 relating to the normal cost of the Restricted Stock Awards and Stock Purchase Rights.

Earnings Per Share

FASB No. 128 requires a dual presentation of basic and diluted EPS on the face of the income statement for all companies with complex capital structures even where the effect of such dilution is not material. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

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The following information presents the Company's results for the years ended December 31, 1997, 1996 and 1995 in accordance with FASB No. 128.

For the Year Ended December 31,	1997		1996		1995	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	$ 1,405	$ 1,405	$31,944	$31,944	$13,638	$13,638
Add: Net income attributable to potentially dilutive securities	--	143	--	4,760	--	3,508
Adjusted net income	$ 1,405	$ 1,548	$31,944	$36,704	$13,638	$17,146
Weighted average shares	39,266	44,156	18,461	21,436	11,122	14,041

Per Share	$ 0.04	$ 0.04	$ 1.73	$ 1.71	$ 1.23	$ 1.22

</TABLE>

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

Shares in thousands	1997	1996	1995
Basic EPS Shares:	39,266	18,461	11,122
Add:			
Stock Options	579	264	55
Restricted Stock Awards	188	--	--
Warrants	33	--	--
Common Operating Partnership units	4,090	2,711	2,864
Diluted EPS Shares:	44,156	21,436	14,041

The Preferred Units and Contingent Units issued in 1997 were not included in the computation of diluted EPS as such units were anti-dilutive during the period.

On February 25, 1998, the Company sold 2.5 million shares of its common stock in the 1998 Offering.

14) Impact of Recently Issued Accounting Standards

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("FASB No. 130"), which establishes standards for the reporting and display of comprehensive income and its components. This statement requires a separate statement to report the components of comprehensive income for each period reported. The provisions of this statement are effective for fiscal years beginning after December 15, 1997. Management believes that they currently do not have items that would require presentation in a separate statement of comprehensive income.

In June 1997, the FASB also issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information, ("FASB No. 131"), which establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and require that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. This statement is effective for financial statements for periods beginning after December 15, 1997, and requires that comparative information from earlier years be restated to conform to the requirements of this standard.

15) Pro Forma Financial Information (unaudited)

The following pro forma financial information for the years ended December 31, 1997 and 1996 are presented as if the acquisitions, disposition and common stock offerings in 1996, the RM Transaction, the Mack Transaction and 1997 stock offering and the 1997 acquisitions of 1345 Campus, Westlakes, Shelton Place, 200 Corporate, Three Independence, The Trooper Building, Concord Plaza and Princeton Overlook had all occurred on January 1, 1996. The pro forma financial information excludes any deduction for the non-recurring merger-related charges and the beneficial conversion feature charge included in the Company's historical information for the year ended December 31, 1997. In management's opinion, all adjustments necessary to reflect the effects of these transactions have been made.

This pro forma financial information is not necessarily indicative of what the actual results of operations of the Company would have been assuming such transactions had been completed as of January 1, 1996, nor do they represent the results of operations of future periods.

Year Ended December 31,	1997	1996
Total revenues	$429,796	$407,181
Operating and other expenses	129,293	125,618
General and administrative	24,112	21,462
Depreciation and amortization	61,197	59,440
Interest expense	66,496	67,217
Income before minority interest and extraordinary item	148,698	133,444
Minority interest	30,112	28,555
Income before extraordinary item	$118,586	$104,889
Basic earnings per common share	$ 2.39	$ 2.12
Basic weighted average shares outstanding	49,676	49,401

Notes
Mack-Cali Realty Corporation and Subsidiaries

16) Condensed Quarterly Financial Information (unaudited)

The following summarizes the condensed quarterly financial information for the Company:

<TABLE>
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Quarter Ended 1997	December 31	September 30	June 30	March 31
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 74,495	$ 62,609	$ 60,542	$ 52,155
Operating and other expenses	22,580	18,928	18,068	15,574
General and administrative	5,260	3,675	3,754	3,173
Depreciation and amortization	11,194	9,339	8,799	7,493
Interest expense	10,680	10,694	9,884	7,820
Non-recurring merger-related charges	46,519	--	--	--
(Loss) income before minority interest and extraordinary item	(21,738)	19,973	20,037	18,095
Minority interest	25,716	2,015	2,012	1,636
(Loss) income before extraordinary item	(47,454)	17,958	18,025	16,459
Extraordinary item--loss on early retirement debt (Net of minority interest's share of $402)	--	3,583	--	--
Net (loss) income	$(47,454)	$ 14,375	$ 18,025	$ 16,459
Basic earnings per common share:				
(Loss) income before extraordinary item	$ (1.00)	$ 0.49	$ 0.49	$ 0.45
Extraordinary item--loss on early retirement of debt	--	(0.10)	--	--
Net (loss) income	$ (1.00)	$ 0.39	$ 0.49	$ 0.45
Diluted earnings per common share:				
(Loss) income before extraordinary item	$ (1.00)	$ 0.48	$ 0.49	$ 0.44
Extraordinary item	--	(0.09)	--	--
Net (loss) income	$ (1.00)	$ 0.39	$ 0.49	$ 0.44
Dividends declared per common share	$ 0.50	$ 0.50	$ 0.45	$ 0.45

</TABLE>

<TABLE>
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Quarter Ended 1996	December 31	September 30	June 30	March 31
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 32,370	$ 22,518	$ 21,013	$ 19,571
Operating and other expenses	9,404	7,035	6,579	6,644
General and administrative	2,365	1,371	1,128	936

Depreciation and amortization	4,880	3,469	3,348	3,034	
Interest expense	4,665	2,999	3,265	2,829	
Income before gain on sale of rental property, minority interest and extraordinary item	11,056	7,644	6,693	6,128	
Gain on sale of rental property	--	--	--	5,658	
Income before minority interest and extraordinary item	11,056	7,644	6,693	11,786	
Minority interest	894	1,045	1,009	1,812	
Income before extraordinary item	10,162	6,599	5,684	9,974	
Extraordinary item--loss on early retirement debt (Net of minority interest's share of $86)	--	--	--	475	
Net income	$ 10,162	$ 6,599	$ 5,684	$ 9,499	
Basic earnings per common share:					
Income before extraordinary item	$ 0.39	$ 0.39	$ 0.37	$ 0.66	
Extraordinary item--loss on early retirement of debt	--	--	--	(0.03)	
Net income	$ 0.39	$ 0.39	$ 0.37	$ 0.63	
Diluted earnings per common share:					
Income before extraordinary item	$ 0.38	$ 0.38	$ 0.37	$ 0.65	
Extraordinary item	--	--	--	(0.03)	
Net income	$ 0.38	$ 0.38	$ 0.37	$ 0.62	
Dividends declared per common share	$ 0.45	$ 0.45	$ 0.43	$ 0.43	

</TABLE>

Mack-Cali Realty Corporation
Real Estate Investments and Accumulated Depreciation
December 31, 1997
(dollars in thousands)

SCHEDULE III

<TABLE>
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Property Location (2)	Year Built	Year Acquired	Related Encumbrances	Initial Costs: Land	Initial Costs: Building and Improvements	Costs Capitalized Subsequent to Acquisition
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ATLANTIC COUNTY, NEW JERSEY						
Egg Harbor						
100 Decadon Drive (O).....	1987	1995	--	$ 300	$ 3,282	$ 71
200 Decadon Drive (O).....	1991	1995	--	369	3,241	97
BERGEN COUNTY, NEW JERSEY						
Fair Lawn						
17-17 Rte 208 N.(O).....	1987	1995	$18,033	3,067	19,415	282
Fort Lee						
One Bridge Plaza (O).....	1981	1996	13,800	2,439	24,462	1,137
Little Ferry						
200 Riser Road (O).....	1974	1997	7,006	3,888	15,551	--
Montvale						
135 Chestnut Ridge Road (O).....	1981	1997	--	2,587	10,350	--
95 Chestnut Ridge Road (O).....	1975	1997	1,183	1,227	4,907	--
Paramus						

140 Ridgewood Avenue (O).....	1981	1997	--	7,932	31,729	--
15 East Midland Avenue (O).....	1988	1997	28,022	10,375	41,497	--
461 From Road (O).....	1988	1997	29,890	13,194	52,778	--
61 South Paramus Avenue (O).....	1985	1997	--	9,005	36,018	--
650 From Road (O).....	1978	1997	--	10,487	41,949	--
Rochelle Park						
120 Passaic Street (O).....	1972	1997	--	1,354	5,415	--
365 West Passaic Street (O).....	1976	1997	--	4,148	16,592	--
Saddle River						
1 Lake Street (O).....	1973/94	1997	--	13,952	55,812	--
Woodcliff Lake						
400 Chestnut Ridge Road (O).....	1982	1997	15,281	4,201	16,802	--
470 Chestnut Ridge Road (O).....	1987	1997	--	2,346	9,385	--
530 Chestnut Ridge Road (O).....	1986	1997	--	1,860	7,441	--
50 Tice Boulevard (O).....	1984	1994	19,300	4,500	--	25,325
300 Tice Boulevard (O).....	1991	1996	17,400	5,424	29,688	162
BURLINGTON COUNTY, NEW JERSEY						
Delran						
Tenby Chase Apartments (M).....	1970	1994	--	396	--	5,107
Moorestown						
224 Strawbridge Drive (O).....	1984	1997	--	766	4,334	1,381
228 Strawbridge Drive (O).....	1984	1997	--	767	4,333	383
ESSEX COUNTY, NEW JERSEY						
Millburn						
150 J.F. Kennedy Parkway (O).....	1980	1997	28,890	12,606	50,425	--
Roseland						
101 Eisenhower Parkway (O).....	1980	1994	10,900	228	--	13,930
103 Eisenhower Parkway (O).....	1985	1994	11,200	--	--	14,040
HUDSON COUNTY, NEW JERSEY						
Jersey City						
95 Christopher Columbus Drive (O)..	1989	1994	74,600	6,205	--	79,479
Harborside Financial Center Plaza I (O)	1983	1996	--	3,923	51,013	5
Harborside Financial Center Plaza II (O)	1990	1996	48,099	17,655	101,546	1,343
Harborside Financial Center Plaza III (O)	1990	1996	107,635	17,655	101,878	367

Property Location (2)	Gross Amount at Which Carried at Close of Period (1)			Accumulated Depreciation
	Land	Building and Improvements	Total	
<S>	<C>	<C>	<C>	<C>
ATLANTIC COUNTY, NEW JERSEY				
Egg Harbor				
100 Decadon Drive (O).....	$ 300	$ 3,353	$ 3,653	$ 180
200 Decadon Drive (O).....	369	3,338	3,707	193
BERGEN COUNTY, NEW JERSEY				
Fair Lawn				
17-17 Rte 208 N.(O).....	3,067	19,697	22,764	1,420
Fort Lee				
One Bridge Plaza (O).....	2,439	25,599	28,038	644
Little Ferry				
200 Riser Road (O).....	3,888	15,551	19,439	17
Montvale				
135 Chestnut Ridge Road (O).....	2,587	10,350	12,937	11
95 Chestnut Ridge Road (O).....	1,227	4,907	6,134	5
Paramus				
140 Ridgewood Avenue (O).....	7,932	31,729	39,661	35
15 East Midland Avenue (O).....	10,375	41,497	51,872	46
461 From Road (O).....	13,194	52,778	65,972	58
61 South Paramus Avenue (O).....	9,005	36,018	45,023	40
650 From Road (O).....	10,487	41,949	52,436	46
Rochelle Park				
120 Passaic Street (O).....	1,354	5,415	6,769	6
365 West Passaic Street (O).....	4,148	16,592	20,740	18
Saddle River				
1 Lake Street (O).....	13,952	55,812	69,764	62
Woodcliff Lake				
400 Chestnut Ridge Road (O).....	4,201	16,802	21,003	16
470 Chestnut Ridge Road (O).....	2,346	9,385	11,731	10
530 Chestnut Ridge Road (O).....	1,860	7,441	9,301	8
50 Tice Boulevard (O).....	4,500	25,325	29,825	9,453
300 Tice Boulevard (O).....	5,424	29,850	35,274	813
BURLINGTON COUNTY, NEW JERSEY				
Delran				
Tenby Chase Apartments (M).....	396	5,107	5,503	3,138
Moorestown				
224 Strawbridge Drive (O).....	766	5,715	6,481	--
228 Strawbridge Drive (O).....	767	4,716	5,483	--
ESSEX COUNTY, NEW JERSEY				

Millburn				
150 J.F. Kennedy Parkway (O).....	12,606	50,425	63,031	56
Roseland				
101 Eisenhower Parkway (O).....	228	13,930	14,158	6,849
103 Eisenhower Parkway (O).....	2,300	11,740	14,040	4,643
HUDSON COUNTY, NEW JERSEY				
Jersey City				
95 Christopher Columbus Drive (O)..	6,205	79,479	85,684	19,212
Harborside Financial Center Plaza I (O)	3,923	51,018	54,941	1,488
Harborside Financial Center Plaza II (O)	17,843	101,721	119,544	2,994
Harborside Financial Center Plaza III (O)	17,823	102,077	119,900	2,993

</TABLE>

SCHEDULE III

<TABLE>
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Property Location (2)	Year Built	Year Acquired	Related Encumbrances	Initial Costs: Land	Initial Costs: Building and Improvements	Costs Capitalized Subsequent to Acquisition
<S>	<C>	<C>	<C>	<C>	<C>	<C>
MERCER COUNTY, NEW JERSEY						
Hamilton Township						
100 Horizon Drive (F)	1989	1995	--	205	1,676	--
200 Horizon Drive (F)	1991	1995	--	205	3,027	1
300 Horizon Drive (F)	1989	1995	--	379	4,355	8
500 Horizon Drive (F)	1990	1995	--	379	3,395	86
Princeton						
5 Vaughn Drive (O)	1987	1995	--	657	9,800	148
400 Alexander Road (O)	1987	1995	--	344	3,917	2,397
103 Carnegie Center (O)	1984	1996	--	2,566	7,868	362
100 Overlook Center (O)	1988	1997	--	4,068	23,150	--
MIDDLESEX COUNTY, NEW JERSEY						
East Brunswick						
377 Summerhill Road (O).....	1977	1997	--	649	2,594	--
South Brunswick						
3 Independence Way (O).....	1983	1997	--	1,997	11,391	--
Woodbridge						
581 Main Street (O).....	1991	1997	24,707	3,237	12,949	--
MONMOUTH COUNTY, NEW JERSEY						
Neptune						
3600 Route 66 (O).....	1989	1995	12,200	1,098	18,146	40
Wall Township						
1305 Campus Parkway (O).....	1988	1995	--	335	2,560	39
1320 Wykoff Avenue (F).....	1986	1995	--	255	1,285	--
1324 Wykoff Avenue (F).....	1987	1995	--	230	1,439	88
1325 Campus Parkway (F).....	1988	1995	--	270	2,928	24
1340 Campus Parkway (F).....	1992	1995	--	489	4,621	100
1350 Campus Parkway (O).....	1990	1995	--	454	7,134	487
1433 Highway 34 (F).....	1985	1995	--	889	4,321	241
1345 Campus Parkway (F).....	1995	1997	--	1,023	5,703	--
MORRIS COUNTY, NEW JERSEY						
Florham Park						
325 Columbia Parkway (O).....	1987	1994	12,800	1,564	--	15,116
Parsippany						
600 Parsippany Road (O).....	1978	1994	--	1,257	5,594	444
Morris Plains						
201 Littleton Road (O).....	1979	1997	--	2,407	9,627	--
250 Johnston Road (O).....	1977	1997	2,354	2,004	8,016	--
Morris Township						
340 Mt. Kemble Avenue (O).....	1985	1997	32,178	13,624	54,496	--
412 Mt. Kemble Avenue (O).....	1986	1997	40,025	15,737	62,954	--
PASSAIC COUNTY, NEW JERSEY						
Clifton						
777 Passaic Avenue (O).....	1983	1994	--	--	--	6,932
Totowa						
11 Commerce Way (F).....	1989	1995	--	586	2,986	65
120 Commerce Way (F).....	1994	1995	--	228	--	1,187
140 Commerce Way (F).....	1994	1995	--	229	--	1,187
20 Commerce Way (F).....	1992	1995	--	516	3,108	26
29 Commerce Way (F).....	1990	1995	--	586	3,092	225
40 Commerce Way (F).....	1987	1995	--	516	3,260	399
45 Commerce Way (F).....	1992	1995	--	536	3,379	103
60 Commerce Way (F).....	1988	1995	--	526	3,257	226
999 Riverview Drive (O).....	1988	1995	--	476	6,024	115
100 Commerce Way (F).....	1996	1996	--	226	--	1,615
80 Commerce Way (F).....	1996	1996	--	227	--	1,616

</TABLE>

<TABLE>
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Property Location (2)	Gross Amount at Which Carried at Close of Period (1)			Accumulated Depreciation
	Land	Building and Improvements	Total	
<S>	<C>	<C>	<C>	<C>
MERCER COUNTY, NEW JERSEY				
Hamilton Township				
100 Horizon Drive (F)	205	1,676	1,881	99
200 Horizon Drive (F)	205	3,028	3,233	164
300 Horizon Drive (F)	379	4,363	4,742	237
500 Horizon Drive (F)	379	3,481	3,860	204
Princeton				
5 Vaughn Drive (O)	657	9,948	10,605	620
400 Alexander Road (O)	344	6,314	6,658	415
103 Carnegie Center (O)	2,566	8,230	10,796	397
100 Overlook Center (O)	4,068	23,150	27,218	--
MIDDLESEX COUNTY, NEW JERSEY				
East Brunswick				
377 Summerhill Road (O).....	649	2,594	3,243	3
South Brunswick				
3 Independence Way (O).....	1,997	11,391	13,388	95
Woodbridge				
581 Main Street (O).....	3,237	12,949	16,186	14
MONMOUTH COUNTY, NEW JERSEY				
Neptune				
3600 Route 66 (O).....	1,098	18,186	19,284	987
Wall Township				
1305 Campus Parkway (O).....	335	2,599	2,934	166
1320 Wykoff Avenue (F).....	255	1,285	1,540	70
1324 Wykoff Avenue (F).....	230	1,527	1,757	78
1325 Campus Parkway (F).....	270	2,952	3,222	166
1340 Campus Parkway (F).....	489	4,721	5,210	250
1350 Campus Parkway (O).....	454	7,621	8,075	427
1433 Highway 34 (F).....	889	4,562	5,451	282
1345 Campus Parkway (F).....	1,023	5,703	6,726	133
MORRIS COUNTY, NEW JERSEY				
Florham Park				
325 Columbia Parkway (O).....	1,564	15,116	16,680	5,024
Parsippany				
600 Parsippany Road (O).....	1,257	6,038	7,295	493
Morris Plains				
201 Littleton Road (O).....	2,407	9,627	12,034	11
250 Johnston Road (O).....	2,004	8,016	10,020	9
Morris Township				
340 Mt. Kemble Avenue (O).....	13,624	54,496	68,120	60
412 Mt. Kemble Avenue (O).....	15,737	62,954	78,691	70
PASSAIC COUNTY, NEW JERSEY				
Clifton				
777 Passaic Avenue (O).....	1,100	5,832	6,932	2,230
Totowa				
11 Commerce Way (F).....	586	3,051	3,637	167
120 Commerce Way (F).....	228	1,187	1,415	--
140 Commerce Way (F).....	229	1,187	1,416	128
20 Commerce Way (F).....	516	3,134	3,650	169
29 Commerce Way (F).....	586	3,317	3,903	214
40 Commerce Way (F).....	516	3,659	4,175	209
45 Commerce Way (F).....	536	3,482	4,018	221
60 Commerce Way (F).....	526	3,483	4,009	222
999 Riverview Drive (O).....	476	6,139	6,615	345
100 Commerce Way (F).....	226	1,615	1,841	79
80 Commerce Way (F).....	227	1,616	1,843	79

</TABLE>

SCHEDULE III

<TABLE>
<CAPTION>

Property Location (2)	Year Built	Year Acquired	Related Encumbrances	Initial Costs		Costs Capitalized Subsequent to Acquisition
				Land	Building and Improvements	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Wayne						
201 Willowbrook Boulevard (O).....	1970	1997	11,637	3,103	12,410	--
SOMERSET COUNTY, NEW JERSEY						
Basking Ridge						

222 Mt. Airy Road (O).....	1986	1996	--	775	3,636	16
233 Mt. Airy Road (O).....	1987	1996	--	1,034	5,033	16
Bridgewater						
721 Route 202/206 (O).....	1989	1997	24,315	6,730	26,919	--
UNION COUNTY, NEW JERSEY						
Clark						
100 Walnut Avenue (O).....	1985	1994	13,900	--	--	17,299
Cranford						
11 Commerce Drive (O).....	1981	1994	--	470	--	5,807
20 Commerce Drive (O).....	1990	1994	11,000	2,346	--	21,192
6 Commerce Drive (O).....	1973	1994	2,900	250	--	2,655
65 Jackson Drive (O).....	1984	1994	--	541	--	6,944
12 Commerce Drive (O).....	1967	1997	--	887	3,549	--
New Providence						
890 Mountain Road (O).....	1977	1997	8,551	2,796	11,185	--
DUTCHESS COUNTY, NEW YORK						
Fishkill						
300 South Lake Drive (O).....	1987	1997	--	2,258	9,031	--
NASSAU COUNTY, NEW YORK						
North Hempstead						
111 East Shore Road (O).....	1980	1997	8,000	2,093	8,370	--
600 Community Drive (O).....	1983	1997	--	11,018	44,070	--
ROCKLAND COUNTY, NEW YORK						
Suffern						
400 Rella Boulevard (O).....	1988	1995	--	1,090	13,412	457
WESTCHESTER COUNTY, NEW YORK						
Elmsford						
1 Warehouse Lane (I).....	1957	1997	161	3	268	--
1 Westchester Plaza (F).....	1967	1997	1,320	199	2,023	17
100 Clearbrook Road (O).....	1975	1997	1,281	220	5,366	98
101 Executive Boulevard (O).....	1971	1997	3,600	267	5,838	19
11 Clearbrook Road (F).....	1974	1997	1,367	149	2,159	--
150 Clearbrook Road (F).....	1975	1997	4,464	497	7,030	--
175 Clearbrook Road (F).....	1973	1997	4,826	655	7,473	197
2 Warehouse Lane (I).....	1957	1997	402	4	672	--
2 Westchester Plaza (F).....	1968	1997	1,760	234	2,726	--
200 Clearbrook Road (F).....	1974	1997	4,263	579	6,620	8
250 Clearbrook Road (F).....	1973	1997	5,631	867	8,647	205
3 Warehouse Lane (I).....	1957	1997	1,166	21	1,948	--
3 Westchester Plaza (F).....	1969	1997	5,080	655	7,936	--
300 Executive Boulevard (F).....	1970	1997	2,403	460	3,609	--
350 Executive Boulevard (F).....	1970	1997	--	100	1,793	--
399 Executive Boulevard (F).....	1962	1997	4,560	531	7,191	--
4 Warehouse Lane (I).....	1957	1997	8,043	84	13,393	8
4 Westchester Plaza (F).....	1969	1997	2,400	320	3,729	12
400 Executive Boulevard (F).....	1970	1997	2,403	2,202	1,846	--
5 Warehouse Lane (I).....	1957	1997	2,855	19	4,804	3
5 Westchester Plaza (F).....	1969	1997	1,200	118	1,949	--
50 Executive Boulevard (F).....	1969	1997	1,680	237	2,617	--
500 Executive Boulevard (F).....	1970	1997	2,643	258	4,183	--
525 Executive Boulevard (F).....	1972	1997	--	345	5,499	--

</TABLE>

<TABLE>
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	Gross Amount at Which Carried at Close of Period (1)			
Property Location (2)	Land	Building and Improvements	Total	Accumulated Depreciation
<S>	<C>	<C>	<C>	<C>
Wayne				
201 Willowbrook Boulevard (O).....	3,103	12,410	15,513	14
SOMERSET COUNTY, NEW JERSEY				
Basking Ridge				
222 Mt. Airy Road (O).....	775	3,652	4,427	129
233 Mt. Airy Road (O).....	1,034	5,049	6,083	179
Bridgewater				
721 Route 202/206 (O).....	6,730	26,919	33,649	30
UNION COUNTY, NEW JERSEY				
Clark				
100 Walnut Avenue (O).....	1,822	15,477	17,299	5,750
Cranford				
11 Commerce Drive (O).....	470	5,807	6,277	2,824
20 Commerce Drive (O).....	2,346	21,192	23,538	4,980
6 Commerce Drive (O).....	250	2,655	2,905	1,458
65 Jackson Drive (O).....	541	6,944	7,485	2,475
12 Commerce Drive (O).....	887	3,549	4,436	4
New Providence				
890 Mountain Road (O).....	2,796	11,185	13,981	12
DUTCHESS COUNTY, NEW YORK				
Fishkill				
300 South Lake Drive (O).....	2,258	9,031	11,289	10

NASSAU COUNTY, NEW YORK					
North Hempstead					
111 East Shore Road (O).....	2,093	8,370	10,463	9	
600 Community Drive (O).....	11,018	44,070	55,088	49	
ROCKLAND COUNTY, NEW YORK					
Suffern					
400 Rella Boulevard (O).....	1,090	13,869	14,959	982	
WESTCHESTER COUNTY, NEW YORK					
Elmsford					
1 Warehouse Lane (I).....	3	268	271	6	
1 Westchester Plaza (F).....	199	2,040	2,239	47	
100 Clearbrook Road (O).....	220	5,464	5,684	125	
101 Executive Boulevard (O).....	267	5,857	6,124	136	
11 Clearbrook Road (F).....	149	2,159	2,308	49	
150 Clearbrook Road (F).....	497	7,030	7,527	161	
175 Clearbrook Road (F).....	655	7,670	8,325	184	
2 Warehouse Lane (I).....	4	672	676	15	
2 Westchester Plaza (F).....	234	2,726	2,960	62	
200 Clearbrook Road (F).....	579	6,628	7,207	152	
250 Clearbrook Road (F).....	867	8,852	9,719	203	
3 Warehouse Lane (I).....	21	1,948	1,969	45	
3 Westchester Plaza (F).....	655	7,936	8,591	182	
300 Executive Boulevard (F).....	460	3,609	4,069	83	
350 Executive Boulevard (F).....	100	1,793	1,893	41	
399 Executive Boulevard (F).....	531	7,191	7,722	165	
4 Warehouse Lane (I).....	84	13,401	13,485	309	
4 Westchester Plaza (F).....	320	3,741	4,061	87	
400 Executive Boulevard (F).....	2,202	1,846	4,048	42	
5 Warehouse Lane (I).....	19	4,807	4,826	111	
5 Westchester Plaza (F).....	118	1,949	2,067	45	
50 Executive Boulevard (F).....	237	2,617	2,854	60	
500 Executive Boulevard (F).....	258	4,183	4,441	96	
525 Executive Boulevard (F).....	345	5,499	5,844	126	

</TABLE>

SCHEDULE III

<TABLE>
<CAPTION>

Property Location (2)	Year Built	Year Acquired	Related Encumbrances	Initial Costs: Land	Initial Costs: Building and Improvements	Costs Capitalized Subsequent to Acquisition
<S>	<C>	<C>	<C>	<C>	<C>	<C>
570 Taxter Road (O).....	1972	1997	3,847	438	6,078	18
6 Warehouse Lane (I).....	1982	1997	2,654	10	4,419	--
6 Westchester Plaza (F).....	1968	1997	1,280	164	1,998	--
7 Westchester Plaza (F).....	1972	1997	2,720	286	4,321	9
700 Executive Boulevard (L).....	N/A	1997	--	970	--	--
75 Clearbrook Road (F).....	1990	1997	--	2,313	4,717	--
77 Executive Boulevard (F).....	1977	1997	3,982	34	1,104	--
8 Westchester Plaza (F).....	1971	1997	3,378	447	5,262	111
85 Executive Boulevard (F).....	1968	1997	1,562	155	2,507	--
Hawthorne						
1 Skyline Drive (O).....	1980	1997	--	66	1,711	--
10 Skyline Drive (F).....	1985	1997	1,729	134	2,799	109
11 Skyline Drive (F).....	1989	1997	--	--	4,788	--
15 Skyline Drive (F).....	1989	1997	--	--	7,449	305
17 Skyline Drive (O).....	1989	1997	--	--	7,269	--
2 Skyline Drive (O).....	1987	1997	--	109	3,128	--
200 Saw Mill River Road (F).....	1965	1997	2,172	353	3,353	4
30 Saw Mill River Road (O).....	1982	1997	21,553	2,355	34,254	--
4 Skyline Drive (F).....	1987	1997	--	363	7,513	210
8 Skyline Drive (F).....	1985	1997	2,734	212	4,410	--
Tarrytown						
200 White Plains Road (O).....	1982	1997	5,150	378	8,367	335
220 White Plains Road (O).....	1984	1997	5,030	367	8,112	15
230 White Plains Road (R).....	1984	1997	1,158	124	1,845	--
White Plains						
1 Barker Avenue (O).....	1975	1997	--	208	9,629	33
1 Water Street (O).....	1979	1997	3,298	211	5,382	6
11 Martine Avenue (O).....	1987	1997	15,465	127	26,833	--
25 Martine Avenue (M).....	1987	1997	--	120	11,366	--
3 Barker Avenue (O).....	1983	1997		122	7,864	249
50 Main Street (O).....	1985	1997	27,919	564	48,105	144
Yonkers						
1 Enterprise Boulevard (L).....	N/A	1997	--	1,380	--	--
1 Executive Boulevard (O).....	1982	1997	684	1,104	11,904	24
1 Odell Plaza (F).....	1980	1997	--	1,206	6,815	--
100 Corporate Boulevard (F).....	1987	1997	6,211	602	9,910	--
2 Executive Plaza (R).....	1986	1997	7,722	89	2,439	--
3 Executive Plaza (O).....	1987	1997	--	385	6,259	4
4 Executive Plaza (F).....	1986	1997	1,528	584	6,134	162
5 Odell Plaza (F).....	1983	1997	--	331	2,988	--

6 Executive Plaza (F).....	1987	1997	--	546	7,246	--
7 Odell Plaza (F).....	1984	1997	--	419	4,418	53
200 Corporate Boulevard South (F).....	1990	1997	--	502	7,575	--
CHESTER COUNTY, PENNSYLVANIA						
Berwyn						
1000 Westlakes Drive (O).....	1989	1997	--	619	9,016	60
1055 Westlakes Drive (O).....	1990	1997	--	1,951	19,046	116
1205 Westlakes Drive (O).....	1988	1997	--	1,323	20,098	127
1235 Westlakes Drive (O).....	1986	1997	--	1,417	21,215	136
DELAWARE COUNTY, PENNSYLVANIA						
Media						
1400 Providence Road - Center I (O)...	1986	1996	--	1,042	9,054	532
1400 Providence Road - Center II (O)..	1990	1996	--	1,543	16,464	518
Lester						
100 Stevens Drive (O).....	1986	1996	--	1,349	10,018	109
200 Stevens Drive (O).....	1987	1996	--	1,644	20,186	133
300 Stevens Drive (O).....	1992	1996	--	491	9,490	74

</TABLE>

<TABLE>
<CAPTION>

	Gross Amount at Which Carried at Close of Period (1)			
Property Location (2)	Land	Building and Improvements	Total	Accumulated Depreciation
<S>	<C>	<C>	<C>	<C>
570 Taxter Road (O).....	438	6,096	6,534	143
6 Warehouse Lane (I).....	10	4,419	4,429	101
6 Westchester Plaza (F).....	164	1,998	2,162	46
7 Westchester Plaza (F).....	286	4,330	4,616	100
700 Executive Boulevard (L).....	970	--	970	--
75 Clearbrook Road (F).....	2,313	4,717	7,030	108
77 Executive Boulevard (F).....	34	1,104	1,138	25
8 Westchester Plaza (F).....	447	5,373	5,820	128
85 Executive Boulevard (F).....	155	2,507	2,662	57
Hawthorne				
1 Skyline Drive (O).....	66	1,711	1,777	39
10 Skyline Drive (F).....	134	2,908	3,042	69
11 Skyline Drive (F).....	--	4,788	4,788	110
15 Skyline Drive (F).....	--	7,754	7,754	211
17 Skyline Drive (O).....	--	7,269	7,269	167
2 Skyline Drive (O).....	109	3,128	3,237	72
200 Saw Mill River Road (F).....	353	3,357	3,710	77
30 Saw Mill River Road (O).....	2,355	34,254	36,609	785
4 Skyline Drive (F).....	363	7,723	8,086	187
8 Skyline Drive (F).....	212	4,410	4,622	101
Tarrytown				
200 White Plains Road (O).....	378	8,702	9,080	250
220 White Plains Road (O).....	367	8,127	8,494	193
230 White Plains Road (R).....	124	1,845	1,969	42
White Plains				
1 Barker Avenue (O).....	208	9,662	9,870	225
1 Water Street (O).....	211	5,388	5,599	124
11 Martine Avenue (O).....	127	26,833	26,960	615
25 Martine Avenue (M).....	120	11,366	11,486	260
3 Barker Avenue (O).....	122	8,113	8,235	191
50 Main Street (O).....	564	48,249	48,813	1,111
Yonkers				
1 Enterprise Boulevard (L).....	1,380	--	1,380	--
1 Executive Boulevard (O).....	1,104	11,928	13,032	284
1 Odell Plaza (F).....	1,206	6,815	8,021	156
100 Corporate Boulevard (F).....	602	9,910	10,512	227
2 Executive Plaza (R).....	89	2,439	2,528	56
3 Executive Plaza (O).....	385	6,263	6,648	143
4 Executive Plaza (F).....	584	6,296	6,880	150
5 Odell Plaza (F).....	331	2,988	3,319	68
6 Executive Plaza (F).....	546	7,246	7,792	166
7 Odell Plaza (F).....	419	4,471	4,890	108
200 Corporate Boulevard South (F).....	502	7,575	8,077	174
CHESTER COUNTY, PENNSYLVANIA				
Berwyn				
1000 Westlakes Drive (O).....	619	9,076	9,695	167
1055 Westlakes Drive (O).....	1,951	19,162	21,113	343
1205 Westlakes Drive (O).....	1,323	20,225	21,548	359
1235 Westlakes Drive (O).....	1,417	21,351	22,768	391
DELAWARE COUNTY, PENNSYLVANIA				
Media				
1400 Providence Road - Center I (O)...	1,042	9,586	10,628	395
1400 Providence Road - Center II (O)..	1,543	16,982	18,525	711
Lester				
100 Stevens Drive (O).....	1,349	10,127	11,476	253
200 Stevens Drive (O).....	1,644	20,319	21,963	508
300 Stevens Drive (O).....	491	9,564	10,055	239

</TABLE>

SCHEDULE III

<TABLE>
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Property Location (2)	Year Built	Year Acquired	Related Encumbrances	Initial Costs: Land	Initial Costs: Building and Improvements	Costs Capitalized Subsequent to Acquisition
<S>	<C>	<C>	<C>	<C>	<C>	<C>
MONTGOMERY COUNTY, PENNSYLVANIA						
Lower Providence						
1000 Madison Avenue (O).....	1990	1997	--	1,713	12,559	1
Plymouth Meeting						
Five Sentry East (O).....	1984	1996	--	642	8,168	255
Five Sentry West (O).....	1984	1996	--	268	3,406	34
1150 Plymouth Meeting Mall (O).....	1970	1997	--	125	499	--
FAIRFIELD COUNTY, CONNECTICUT						
Stamford						
419 West Avenue (F).....	1986	1997	--	4,538	9,246	--
500 West Avenue (F).....	1988	1997	--	415	1,679	--
550 West Avenue (F).....	1990	1997	--	1,975	3,856	--
Shelton						
1000 Bridgeport Avenue (O).....	1986	1997	--	773	15,036	--
BEXAR COUNTY, TEXAS						
San Antonio						
111 Soledad (O).....	1918	1997	--	2,004	8,017	--
1777 N.E. Loop 410 (O).....	1986	1997	--	3,119	12,477	--
84 N.E. Loop 410 (O).....	1971	1997	--	2,596	10,382	--
200 Concord Plaza Drive (O).....	1986	1997	--	5,109	28,967	--
COLLIN COUNTY, TEXAS						
Plano						
555 Republic Place (O).....	1986	1997	--	942	3,767	--
DALLAS COUNTY, TEXAS						
Dallas						
3030 LBJ Freeway (O).....	1984	1997	--	6,098	24,366	--
3100 Monticello (O).....	1984	1997	--	1,940	7,762	--
8214 Westchester (O).....	1983	1997	--	1,705	6,819	--
Irving						
2300 Valley View (O).....	1985	1997	--	1,913	7,651	--
Richardson						
1122 Alma Road (O).....	1977	1997	--	754	3,015	--
HARRIS COUNTY, TEXAS						
Houston						
10497 Town & Country Way (O).....	1981	1997	--	1,619	6,476	--
14511 Falling Creek (O).....	1982	1997	--	434	1,738	--
1717 St. James Place (O).....	1975	1997	--	909	3,636	--
1770 St. James Place (O).....	1973	1997	--	730	2,920	--
5225 Katy Freeway (O).....	1983	1997	--	1,403	5,610	--
5300 Memorial (O).....	1982	1997	--	1,283	7,269	--
POTTER COUNTY, TEXAS						
Amarillo						
6900 IH - 40 West (O).....	1986	1997	--	287	1,147	--
TARRANT COUNTY, TEXAS						
Euless						
150 West Park Way (O).....	1984	1997	--	852	3,410	--
MARICOPA COUNTY, ARIZONA						
Glendale						
5551 West Talavi Boulevard (O).....	1991	1997	7,847	2,732	10,927	--
Phoenix						
19640 North 31st Street (O).....	1990	1997	11,518	3,437	13,747	--

</TABLE>

<TABLE>
<CAPTION>

Property Location (2)	Gross Amount at Which Carried at Close of Period (1): Land	Building and Improvements	Total	Accumulated Depreciation
<S>	<C>	<C>	<C>	<C>
MONTGOMERY COUNTY, PENNSYLVANIA				
Lower Providence				
1000 Madison Avenue (O).....	1,713	12,559	14,272	32
Plymouth Meeting				
Five Sentry East (O).....	642	8,423	9,065	239
</TABLE>

Five Sentry West (O).....	268	3,440	3,708	100
1150 Plymouth Meeting Mall (O).....	125	499	624	1
FAIRFIELD COUNTY, CONNECTICUT				
Stamford				
419 West Avenue (F).....	4,538	9,246	13,784	213
500 West Avenue (F).....	415	1,679	2,094	38
550 West Avenue (F).....	1,975	3,856	5,831	88
Shelton				
1000 Bridgeport Avenue (O).....	773	15,036	15,809	148
BEXAR COUNTY, TEXAS				
San Antonio				
111 Soledad (O).....	2,004	8,017	10,021	9
1777 N.E. Loop 410 (O).....	3,119	12,477	15,596	14
84 N.E. Loop 410 (O).....	2,596	10,382	12,978	11
200 Concord Plaza Drive (O).....	5,109	28,967	34,076	30
COLLIN COUNTY, TEXAS				
Plano				
555 Republic Place (O).....	942	3,767	4,709	4
DALLAS COUNTY, TEXAS				
Dallas				
3030 LBJ Freeway (O).....	6,098	24,366	30,464	27
3100 Monticello (O).....	1,940	7,762	9,702	9
8214 Westchester (O).....	1,705	6,819	8,524	8
Irving				
2300 Valley View (O).....	1,913	7,651	9,564	8
Richardson				
1122 Alma Road (O).....	754	3,015	3,769	3
HARRIS COUNTY, TEXAS				
Houston				
10497 Town & Country Way (O).....	1,619	6,476	8,095	7
14511 Falling Creek (O).....	434	1,738	2,172	2
1717 St. James Place (O).....	909	3,636	4,545	4
1770 St. James Place (O).....	730	2,920	3,650	3
5225 Katy Freeway (O).....	1,403	5,610	7,013	6
5300 Memorial (O).....	1,710	6,841	8,551	8
POTTER COUNTY, TEXAS				
Amarillo				
6900 IH - 40 West (O).....	287	1,147	1,434	1
TARRANT COUNTY, TEXAS				
Euless				
150 West Park Way (O).....	852	3,410	4,262	4
MARICOPA COUNTY, ARIZONA				
Glendale				
5551 West Talavi Boulevard (O).....	2,732	10,927	13,659	12
Phoenix				
19640 North 31st Street (O).....	3,437	13,747	17,184	15

</TABLE>

SCHEDULE III

<TABLE>
<CAPTION>

Property Location (2)	Year Built	Year Acquired	Related Encumbrances	Initial Costs: Land	Initial Costs: Building and Improvements	Costs Capitalized Subsequent to Acquisition
<S>	<C>	<C>	<C>	<C>	<C>	<C>
20002 North 19th Avenue (O)	1986	1997	--	1,843	7,371	--
Scottsdale						
9060 E. Via Linda Boulevard (O)	1984	1997	10,095	3,720	14,879	--
SAN FRANCISCO COUNTY, CALIFORNIA						
San Francisco						
760 Market Street (O)	1908	1997	--	5,588	22,352	--
HILLSBOROUGH COUNTY, FLORIDA						
Tampa						
501 Kennedy Boulevard (O)	1982	1997	--	3,959	15,837	--
POLK COUNTY, IOWA						
West Des Moines						
2600 Westown Parkway (O)	1988	1997	--	1,708	6,833	--
DOUGLAS COUNTY, NEBRASKA						
Omaha						
210 South 16th Street (O)	1894	1997	--	2,559	10,236	--
Projects Under Development			--	1,163	--	1,073

Furniture, Fixtures & Equipment	--	--	--	4,316
TOTALS	$850,550	$368,684	$2,020,297	$240,635

</TABLE>

<TABLE>
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Property Location (2)	Land	Building and Improvements	Total	Accumulated Depreciation
	Gross Amount at Which Carried at Close of Period (1)			
<S>	<C>	<C>	<C>	<C>
20002 North 19th Avenue (O)	1,843	7,371	9,214	8
Scottsdale				
9060 E. Via Linda Boulevard (O)	3,720	14,879	18,599	16
SAN FRANCISCO COUNTY, CALIFORNIA				
San Francisco				
760 Market Street (O)	5,588	22,352	27,940	25
HILLSBOROUGH COUNTY, FLORIDA				
Tampa				
501 Kennedy Boulevard (O)	3,959	15,837	19,796	18
POLK COUNTY, IOWA				
West Des Moines				
2600 Westown Parkway (O)	1,708	6,833	8,541	8
DOUGLAS COUNTY, NEBRASKA				
Omaha				
210 South 16th Street (O)	2,559	10,236	12,795	11
Projects Under Development	1,163	1,073	2,236	--
Furniture, Fixtures & Equipment	--	4,316	4,316	1,140
TOTALS	$374,242	$2,255,374	$2,629,616	$103,133

</TABLE>

(1) The aggregate cost for federal income tax purposes at December 31, 1997 was approximately $1.68 billion.

(2) Legend of Property Codes:

(O)=Office Property
(F)=Office/Flex Property
(I)=Industrial/Warehouse Property
(M)=Multi-family Residential Property
(R)=Stand-alone Retail Property
(L)=Land Lease

Mack-Cali Realty Corporation
Note to Schedule III

Changes in rental properties and accumulated depreciation for the periods ended December 31, 1997, 1996 and 1995 are as follows:

	1997	1996	1995
Rental Properties			
Balance at beginning of year	$ 853,352	$ 387,675	$ 234,470
Additions	1,776,264	473,371	153,753
Retirements/Disposals	--	(7,694)	(548)
Balance at end year	$2,629,616	$ 853,352	$ 387,675
Accumulated Depreciation:			
Balance at beginning of year	$ 68,610	$ 59,095	$ 50,800
Depreciation expense	34,523	12,810	8,807
Retirements/Disposals	--	(3,295)	(512)
Balance at end of year	$ 103,133	$ 68,610	$ 59,095

EXHIBIT NO. 10.126

CONTRIBUTION AND EXCHANGE AGREEMENT

THIS CONTRIBUTION AND EXCHANGE AGREEMENT (the "Agreement") made this 18th day of October, 1997 among PRINCETON OVERLOOK LIMITED LIABILITY COMPANY ("Contributor"), a limited liability company organized under the laws of the State of New Jersey having an address at c/o Bessemer Trust Company, N.A., 630 Fifth Avenue, New York, New York 10111, and CALI REALTY, L.P., a Delaware limited partnership ("CRLP") and CALI REALTY CORPORATION, a Maryland corporation ("Cali", and together with CRLP, collectively, the "Cali Group"), each having an address at 11 Commerce Drive, Cranford, New Jersey 07016.

RECITALS

A. Contributor is the owner in fee simple of certain property located in Princeton, New Jersey more particularly described on Schedule 1.1(a). Contributor desires to contribute such property to CRLP in exchange for (i) cash and (ii) OP Units ("Units") as described in the OP Agreement (as herein defined), in a transaction which is structured to partially defer the recognition of gain by Contributor and/or its members for federal income tax purposes.

B. The Cali Group desires to accept the contribution of such property in exchange for cash and the issuance of Units to Contributor upon, and subject to, the terms, covenants and conditions herein contained.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and for Ten Dollars ($10.00) and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, do hereby agree as follows:

1. CONTRIBUTION AND EXCHANGE.

1.1 Upon, and subject to, the terms, covenants and conditions of this Agreement, on the Closing Date Contributor shall contribute or otherwise transfer to CRLP, and CRLP shall acquire, all of Contributor's rights, titles and interest in, to and under the following:

(a) that certain real property situate, lying and being in the State of New Jersey and being more particularly described on Schedule 1.1(a) (the "Land"), and all of the improvements located

on the Land (individually, a "Building", and collectively, the "Improvements");

(b) all rights, privileges, grants and easements appurtenant to Contributor's interest in the Land and Improvements including, without limitation, all of Contributor's rights, titles and interests in and to all land lying in the bed of any public street, road or alley, all mineral and water rights and all easements, licenses, covenants and rights-of -way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and Improvements (the Land and Improvements, and all such rights, privileges, easements, grants and appurtenances, are sometimes referred to herein as the "Real Property");

(c) all personal property, fixtures, equipment, inventory and computer programming and software owned or licensed by Contributor and located on any of the Real Property or used in connection with or in relation to the sale, management, leasing, promotion, ownership, development, maintenance, use or occupancy of the Real Property including, without limitation, the items described on Schedule 1.1(c) (collectively the "Personal Property");

(d) all leases and other agreements with respect to the use and occupancy of the Real Property, together with all amendments and modifications thereto and any guaranties provided thereunder (each a "Lease", and collectively the "Leases"), and all rents, additional rents, reimbursements, profits, income, receipts and the amount deposited (the "Security Deposit") under any Lease in the nature of security for the performance of a tenant's (each a "Tenant", and collectively the "Tenants") obligations under such Lease;

(e) whatever rights Contributor may have to the tradename "Princeton Overlook", and any trademark applicable thereto, and all goodwill, if any, related to said name (the "Tradename");

(f) all assignable permits, licenses, guaranties, approvals, certificates and warranties relating to the Real Property and the Personal Property (collectively, the "Permits and Licenses"), and all those contracts and agreements for the servicing, maintenance and operation of the Real Property, to the extent CRLP has elected to accept an assignment of same as set forth on Schedule 1.1(f) ("Service Contracts"), and the telephone numbers in use at any

of the Real Property (together with the Permits and Licenses and the Service Contracts, collectively the "Intangible Property");

(g) all promotional materials, brochures, prints and/or pictures of the Land and Improvements (collectively, "Promotional Materials"), books, records, tenant data, leasing material and

forms, past and current rent rolls, files, statements, tax returns, market studies, keys, plans, specifications, reports, tests and other materials of any kind owned by or in the possession of Contributor which are or may be used by Contributor in the use and operation of the Real Property or Personal Property (together with the Promotional Materials, collectively the "Books and Records"); and

(h) all other rights, privileges and appurtenances owned by Contributor, if any, and in any way related to the rights and interests described above in this Section (expressly excluding, however, Contributor's Share (as hereinafter defined)), and any and all rights, payments (including, without limitation, the reimbursement in the approximate amount of $173,686.00) and/or entitlements respecting or relating to the D&R interceptor sewer line (the "Sewer Line Rights and Payments").

The Real Property, the Personal Property, the Leases, the Security Deposits, the Tradename, the Intangible Property, the Books and Records and the other property interests being conveyed hereunder are hereinafter collectively referred to as the "Property".

2. PROPERTY CONTRIBUTION AND EXCHANGE CONSIDERATION; DEPOSIT.

I. Contributor shall contribute the Property to CRLP or its designee at Closing, and CRLP shall pay the aggregate amount of $26,850,000.00 ("Consideration") as follows:

(a) $268,500.00 (together with interest accrued thereon, the "Deposit") by check, subject to collection, payable to Stewart Title Insurance Company ("Escrow Agent") or, at CRLP's option, by wire transfer of federal funds to an account designated by Escrow Agent, within three (3) business days after a fully executed counterpart of this Agreement has been delivered to CRLP, which Deposit shall be held and delivered in accordance with the terms and conditions of Section 23 of this Agreement;

(b) Not less than $21,581,500.00 (the "Cash Payment"), but subject to adjustment as provided in this Agreement, at Closing by the wiring of federal funds to Contributor to an account designated by such party; and

(c) Not more than $5,000,000.00 at Closing by the issuance of Units to Contributor and/or its designees (collective "Unitholders"). The aggregate number of such Units (the "Contributor Units") to be issued to the Unitholders shall be calculated by dividing (i) $5,000,000.00, by (ii) the Current

Market Value Per Unit (as hereinafter defined) as of the second Business Day immediately preceding the Closing Date.

If CRLP shall fail to pay the Deposit to the Escrow Agent in accordance with the terms and conditions herein contained, at Contributor's option: (i) this Agreement shall be void ab initio and shall be of no force or effect and neither the Cali Group nor the Contributor shall have any further obligation to the other under or by virtue of this Agreement, or (ii) such failure to pay the Deposit shall be a material breach by CRLP and Contributor shall have a cause of action against CRLP for the payment of the Deposit, but neither CRLP nor Cali shall have any other or further liability in excess of the Deposit.

2.2 At Closing, CRLP shall issue to Contributor and/or the Unit Holders certificates ("Certificates") representing the Contributor Units, which Certificates shall contain the legend set forth in Section 5.5. All rights and benefits incidental to the ownership of the Contributor Units including, but not limited to, the right to receive distributions, voting rights and the right to exchange the Contributor Units for shares of common stock of Cali ("Common Stock"), shall accrue for the benefit of the Contributor and/or the Unit Holders commencing on the Closing Date. Not less than ten (10) days prior to Closing, Contributor shall advise CRLP of the amount of the Cash Payment to be paid at Closing and the dollar value of the Units to be issued at Closing, subject to Section 2.1(a) and (b).

2.3 With respect to the first Partnership Record Date (as defined in the OP Agreement) on or after the Closing, the Unitholders shall receive distributions payable with respect to the Contributor Units on a pro rata basis based upon the number of days during the calendar quarter preceding such Partnership Record Date that the Unitholders held the Contributor Units. The Contributor Units to be issued at Closing shall be issued to the Unitholders in accordance with a letter of direction to be provided by Contributor to the Cali Group identifying such Unitholders at least three (3) Business Days prior to Closing.

2.4 For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Closing Price" means, on any date, with respect to a share of Common Stock of Cali, 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 of Cali 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.

(b) "Common Stock" means the shares of common stock of Cali.

(c) "Current Market Value Per Unit" on any date means the average of the Closing Price for a share of Common Stock of Cali, for thirty (30) consecutive Trading Days ending on such date.

(d) "Trading Day" shall mean a day on which the principal national securities exchange on which the Common Stock of Cali is listed or admitted to trading is open for the transaction of business.

3. INSPECTION RIGHTS.

3.1 Prior To Closing, CRLP may perform, or cause to be performed, tests, investigations and studies of or related to the Property including, but not limited to, soil tests and borings, ground water tests and investigations, percolator tests, surveys, architectural, engineering, subdivision, environmental, access, financial, market analysis, development and economic feasibility studies and other tests, investigations or studies as CRLP, in its sole discretion, determines is necessary or desirable in connection with the Property. CRLP and its agents and contractors may inspect the physical (including environmental) and financial condition of the Property including, but not limited to the Leases, Service Contracts, copies of Contributor's tax returns and the Property financials as of and for the years ending December 31, 1994, 1995 and 1996 certified by Contributor, engineering and environmental reports, development approval agreements, permits and approvals, Environmental Documents (as hereinafter defined) provided, however, that nothing contained in this Section 3.1 shall entitle CRLP to terminate this Agreement or give rise to any liability on the part of Contributor unless such right of termination or liability is expressly provided for in the other Sections of this Agreement (including, without limitation, Sections 4, 5, 7, 8, 9, 10, 12 and 21), all of which rights are expressly reserved (and are not waived) by CRLP. Contributor agrees to cooperate with CRLP in such review and inspection at no cost or expense to Contributor and, to the extent not yet delivered, shall deliver said documents and information to CRLP promptly. CRLP shall, without representation or warranty as to the matters contained therein, provide Contributor (unless such provision is prohibited by the preparer of such report) with copies of any reports commissioned by CRLP prior to Closing and in its possession relating to the results of its inspection of the Property including, without limitation, all studies, reports, surveys and the like, at no cost to the Contributor. CRLP shall also return all Contributor's documents, studies, reports, leases, agreements, permits, approvals and the like which were supplied by Contributor to assist CRLP in conducting its due diligence.

3.2 Any inspection of a portion of the Property which is leased to a Tenant shall be subject to the rights of the Tenant under its Lease. Notwithstanding the foregoing, Contributor shall make all reasonable efforts to facilitate CRLP's inspection.

3.3 As a condition precedent to any entry on the Property by CRLP, its contractors or agents, CRLP shall deliver to Contributor evidence of insurance containing at least the coverages set forth in Schedule 3.3 annexed hereto, which coverages may be in the form of a blanket policy. CRLP shall, to the extent reasonably practicable, restore the Property after any such inspection to its pre-existing condition. CRLP shall further hold and save Contributor harmless of, from and against any and all loss, cost, damage, injury or expense arising out of or in any way related to the acts of CRLP, its agents or contractors in connection with the exercise by CRLP of its rights under this Section 3. This provision shall survive Closing or termination of this Agreement, notwithstanding any provision herein to the contrary.

4. TITLE; MATTERS TO WHICH THIS SALE IS SUBJECT.

4.1 The Property is to be contributed to CRLP subject only to the following (collectively, the "Permitted Encumbrances"):

(a) the liens of real estate taxes, personal property taxes, water charges, and sewer charges provided same are not due and payable, but subject to adjustment as provided herein;

(b) the rights of Tenants, as tenants only;

(c) those restrictions, covenants, agreements, easements, matters and

things affecting title to the Real Property as of the date hereof and more particularly described in Schedule 4.1(c) annexed hereto and by this reference made a part hereof;

(d) any and all laws, statutes, ordinances, codes, rules, regulations, requirements, or executive mandates affecting the Real Property as of the date hereof, so long as there are no engineering or institutional controls including, without limitation, a deed notice or declaration of environmental restrictions, a groundwater classification exception area or well restriction area affecting the Real Property;

(e) the state of facts shown on the survey, if any, described on Schedule 4.1(e), and any other state of facts which an accurate survey of the Real Property would actually show, provided same do not impair the use of the Real Property as it is currently being used and do not render title uninsurable at standard rates; and

(f) the Service Contracts, excluding, however, any Service Contract CRLP advises Contributor to terminate prior to Closing.

4.2 (a) CRLP has, prior to the date hereof, directed Stewart Title Insurance Company ("Title Company") to prepare, and the Title Company has prepared and delivered to CRLP and Contributor, title insurance searches and commitments for an owner's title insurance policy for the Real Property (the "Title Commitment") which is annexed hereto as Schedule 4.2(a). Contributor agrees that all of the requirements marked "satisfy" set forth in Schedule B, Section I of the Title Commitment shall be met prior to Closing, and that all of the items marked "Omit by Contributor" set forth in Schedule B, Section II of the Title Commitment shall be removed prior to Closing. In addition, if CRLP shall become aware of any defects, objections or exceptions in the title to the Real Property which do not appear in the Title Commitment and are not Permitted Encumbrances ("New Title Defects"), Contributor shall use its good faith efforts to remove such New Title Defects prior to Closing provided, however, Contributor shall not be required to institute any litigation or incur any expense in connection therewith, except for professional and other fees and expenses in an amount not to exceed $2,000.00 in each instance, unless CRLP agrees to pay such fees and expenses in excess of $2,000.00 on Contributor's behalf. Contributor shall have the right to adjourn the Closing for up to sixty (60) days in order to eliminate unacceptable defects, objections or exceptions. If after complying with the foregoing requirements, Contributor is unable to eliminate all unacceptable defects, objections or exceptions in accordance with the terms of this Agreement on or before such adjourned date for the Closing, CRLP may elect either (w) to terminate this Agreement by notice given to Contributor, in which event the provisions of Section 4.7 shall apply, or (x) to accept title subject to such unacceptable defects, objections or exceptions and receive no credit against or reduction of the Consideration. Contributor agrees and covenants that it shall not voluntarily place any encumbrances or restrictions to title to the Real Property from and after the date of the first issuance of the Title Commitment for the Real Property.

4.2 (b) CRLP has been advised that First American Title Insurance Co., by its agent General Land Abstract Co. ("First American") will issue a title commitment for the Real Property without requiring any of the following: consent of Troast Overlook Associates (Troast"), Troast's execution of the Deed, review of Troast's partnership agreement, or any proofs regarding Troast (collectively the "Troast Requirements"). If the Title Company will not reissue the Title Commitment without the Troast Requirements, and if First American or any other major title insurer (e.g. Chicago Title or Lawyers Title) reasonably acceptable to CRLP (the "Major Title Insurers") will insure title to the Real Property without the Troast Requirements and otherwise in accordance with the terms of this Agreement and subparagraph (a) above, CRLP will accept such insurance. If the Title Company, First American or the Major Title Insurers will not insure title to the Real Property without exceptions for the Troast Requirements and Contributor is unable to have them removed, CRLP may elect to either (i) terminate this Agreement, in which event the provisions of Section 4.7 shall apply or (ii) accept title subject to the Troast Requirements and receive no credit against or reduction of the Consideration.

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4.3 It shall be a condition to Closing that Contributor conveys, and that the Title Company insure, title to the Real Property in the amount of the Consideration (at a standard rate for such insurance) in the name of CRLP or its designee, after delivery of the Deed, by a standard 1992 ALTA Owners Policy that is consistent in all respects with the Title Commitment (the "Title Policy"). Contributor shall provide a standard New Jersey title affidavit substantially in the form annexed hereto as Schedule 4.3, as well as such undertakings as the Title Company insuring title to the Real Property may reasonably require in order to cure all other defects and exceptions other than the Permitted Encumbrances, as required pursuant to Section 4.2. The words "insurable title" and "insurable" as used in this Agreement are hereby defined to mean title which is insurable by the Title Company without exception other than the Permitted Encumbrances and any other matters provided the Title Company is willing to insure CRLP against any loss or liability by reason thereof.

4.4 Prior to Closing, CRLP shall cause one or more surveyors reasonably acceptable to CRLP (a) to certify and warrant to CRLP and the Title Company the square footage and acreage of the Land (to the nearest one-one hundredth (1/100)), (b) to certify that the survey is a complete and accurate representation of the Real Property, (c) to certify that there are no gores, gaps or strips, and such other facts that are customarily required by the Title Company, (d) to provide to CRLP and the Title Company a metes and bounds description of the Land and any off-site private easements benefiting the Real Property, and (e) otherwise prepare the survey in accordance with the customary requirements of a lending institution financing such a transaction. CRLP shall cause the surveyor to update the survey as of the Closing Date and have the general survey exception removed from the Title Policy (and replaced by a specific exception based on the survey) and the survey affirmatively insured to CRLP. If the metes and bounds description prepared by the surveyor varies from the deed into Contributor's predecessor, the deed shall contain the metes and bounds description prepared by the Surveyor only if the survey is certified to Contributor.

4.5 Any unpaid taxes, lienable water charges, lienable sewer rents, together with the interest and penalties thereon to a date not less than one (1) business day following the Closing Date (in each case subject to any applicable apportionment), and any mortgages or other liens created by Contributor, which Contributor is obligated to pay and discharge pursuant to the terms of this Agreement, together with the cost of recording or filing of any instruments necessary to discharge such liens and such judgments,

shall be paid at the Closing by Contributor and Contributor may direct that the Cash Payment or any part thereof be used to make such payment. Contributor shall deliver to CRLP, on the Closing Date, instruments in recordable form sufficient to discharge any such mortgages or other liens which Contributor is obligated to pay and discharge pursuant to the terms of this Agreement, or, if acceptable to the Title Company, Contributor shall deliver payoff letters from the lien holders.

4.6 If, on the date of this Agreement, the Real Property or any part thereof shall be or shall have been affected by an assessment or assessments for municipal improvements which are or may become payable in annual installments, of which the first installment is either then a charge or lien or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the Closing Date, shall be deemed to be due and payable and to be liens upon the Real Property and shall be paid and discharged by Contributor on the Closing Date. Any other assessments shall be the sole responsibility of CRLP.

4.7 If Contributor is unable to convey title in accordance with the terms of this Agreement and CRLP elects to terminate this Agreement, then the Deposit shall be returned to CRLP, this Agreement shall terminate and neither party to this Agreement shall have any further rights or obligations hereunder other than those which are expressly stated herein to survive any such termination.

5. REPRESENTATIONS AND WARRANTIES OF CONTRIBUTOR.

5.1 In order to induce CRLP and Cali to perform as required hereunder, Contributor hereby warrants and represents the following:

(a) Contributor is a duly organized and validly existing limited liability company organized under the laws of the State of Delaware duly authorized to transact business in the State of New Jersey, has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations hereunder and under such other documents and instruments in order to sell the Property in accordance with the terms and conditions hereof. All necessary actions of the members of Contributor to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(b) This Agreement, when duly executed and delivered, will be the legal, valid and binding obligation of Contributor, enforceable in accordance with the terms of this Agreement. The performance by Contributor of its duties and obligations under this Agreement and the documents and instruments to be executed and delivered by it hereunder will not conflict with, or result in a breach of, or default under, any provision of any of the organizational documents of Contributor or any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to which Contributor is a party or by which its assets are or may be bound.

(c) Annexed hereto as Schedule 5.1(c-i) a true, complete and correct schedule of all of the Leases. The Leases are valid and bona fide obligations of the landlord and Contributor has no knowledge that the Leases are not in full force and effect. Contributor has not received notice from any tenant claiming that it's lease is not its valid and bona fide obligation. No condition exists

which, solely with the passage of time or the giving of notice or both, will become a material default under the Leases. The Leases constitute all of the leases, tenancies or occupancies affecting the Real Property on the date hereof, excluding any subleases, occupancies or tenancies created or allowed by any Tenants without Contributor's knowledge . All Tenants have commenced occupancy; there are no agreements which confer upon any Tenant or any other person or entity any rights with respect to Property. Except as provided in Schedule 5.1(c-ii), no Tenant is entitled now or in the future to any offset to its rent, nor is any Tenant currently asserting a concession, rebate, allowance or free rent for any period.

(d) Annexed hereto as Schedule 5.1(d) (the "Rent Roll") is a true, complete and correct listing of the Leases, together with the following information: (i) the name of each Tenant; (ii) the fixed rent actually being collected; (iii) the expiration date or status of each Lease (including all rights or options to renew); (iv) the Security Deposit, if any; (v) whether there is any guaranty of a Tenant's obligations from a third party, and if so the nature of said guaranty; (vi) arrangements under which any Tenant is occupying space on the date hereof or will, in the future, occupy such space; (vii) any written notices given by any Tenant of an intention to vacate space in the future; (viii) the base year(s) and base year amounts for all items of rent or additional rent billed to each Tenant on that basis; and (ix) any arrearages of any Tenant.

(e) Except as set forth on Schedule 5.1(e), Contributor has

performed all of the material obligations and observed all of the covenants required of the landlord under the terms of the Leases. All work, alterations, improvements or installations required to be made by Contributor for or on behalf of all Tenants under the Leases prior to Closing have been or will, prior to Closing, be in all respects carried out, performed and complied with, and there is no agreement by or on behalf of Contributor with any Tenant for the performance of any work to be done after Closing except as set forth on Schedule 5.1(e). Contributor has no knowledge that any work has been performed at the Real Property which would require an amendment to the certificate of occupancy for which an amendment has not been obtained. Contributor has no knowledge that any and all work performed at the Real Property to the date hereof and to the Closing Date has not been or will not be in accordance with the rules, laws and regulations of all applicable authorities. All bills and claims for labor performed and materials furnished to or for the benefit of the Property by or on behalf of Contributor will be paid in full by Contributor.

(f) There are no Service Contracts (except for those set forth on Schedule 1.1(f)), equipment leases, union contracts, employment agreements or other agreements affecting the Property or the operation thereof. True, accurate and complete copies of the Service Contracts have been initialed by the parties.

(g) Contributor has provided CRLP with all reports including, without limitation, the Environmental Documents (as hereinafter defined) in Contributor's possession or under its control relating to the physical condition of the Real Property, and all Books and Records necessary for CRLP to conduct its due diligence of the Property.

(h) Contributor has not received written notice of: (i) any suits, investigations or judgments relating to any violations (including, without limitation, Environmental Laws (as hereinafter defined)) of any laws, ordinances or regulations affecting the Real Property, or (ii) any violations or conditions that may give rise thereto, from any agency, board, bureau, commission, department, office or body of any municipal, county, state or federal governmental unit, or any subdivision thereof, having, asserting or acquiring jurisdiction over all or any part of the Real Property or the management, operation, use or improvement thereof (collectively, the "Governmental Authorities") and there are no outstanding orders, judgments, injunctions, decrees, directives or writ of any Governmental Authorities against or involving Contributor or the Real Property.

(i) Annexed hereto as Schedule 5.1(i) is a schedule of all leasing commission obligations which Contributor may have liability for affecting the Property. The respective obligations of Contributor and CRLP with respect to said commissions are set forth in Section 8.

(j) Contributor has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Contributor's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of such Contributor's assets, suffered the attachment or other judicial seizure of all, or substantially all, of such Contributor's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

(k) Contributor has paid all Taxes (as hereinafter defined) due and payable as of the date of this Agreement, and Contributor shall pay all Taxes due and payable prior to Closing. Contributor has filed all returns and reports required to be filed for which claim could be made against the Property. "Taxes" means all federal, state, county, local, foreign and other taxes of any kind

whatsoever (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital levy, production, transfer, license, stamp, environmental, withholding, employment, unemployment compensation, payroll related and property taxes, import duties and other governmental charges or assessments), whether or not measured in whole or in part by net income, and including deficiencies, interest, additions to tax or interest, and penalties with respect thereto, and including expenses associated with contesting any proposed adjustment related to any of the foregoing.

(l) Annexed hereto as Schedule 5.1(l) is a listing of the following, which is true, complete and correct in all material aspects for each Real Property contributed to CRLP: (i) its adjusted basis as of December 31, 1996; (ii) the date placed in service; (iii) the depreciation method; and (iv) the remaining useful life.

5.2 In order to induce Cali and CRLP to issue the Contributor Units, Contributor hereby acknowledges its understanding that the issuance of the Contributor Units is intended to be exempt from registration under the Securities Act of 1933, as amended, and the rules and regulations in effect thereunder (the "Act"). In

furtherance thereof, Contributor represents and warrants to CRLP to as follows:

(a) Contributor and the Unit Holders are acquiring the Contributor Units solely for their own account for the purpose of investment and not as a nominee or agent for any other person and not with a view to, or for offer or sale in connection with, any distribution of any thereof other than to the Unit Holders. Contributor agrees and acknowledges that it is not permitted to offer, transfer, sell, assign, pledge, hypothecate or otherwise dispose of ("Transfer") any of the Contributor Units except as provided in this Agreement and the Agreement of Limited Partnership of CRLP, as amended through the date hereof (the "OP Agreement").

(b) Contributor and the Unit Holders are knowledgeable, sophisticated and experienced in business and financial matters. Contributor and the Unit Holders fully understand the limitations on transfer described in this Agreement and the OP Agreement. Contributor and the Unit Holders are able to bear the economic risk of holding the Contributor Units for an indefinite period and are able to afford the complete loss of their investment in the Contributor Units. Contributor and the Unit Holders have received and reviewed the OP Agreement and copies of the documents filed by Cali since its inception under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and all registration statements and related prospectuses and supplements filed by Cali and declared effective under the Securities Act of 1933, as amended, since its inception (collectively, the "SEC Documents") and have been given the opportunity to obtain any additional information or documents and to ask questions and receive answers about such documents, Cali and CRLP and the business and prospects of Cali and CRLP which Contributor and the Unit Holders deem necessary to evaluate the merits and risks related to its investment in the Contributor Units. Contributor and the Unit Holders understand and have taken cognizance of all risk factors related to the purchase of the Contributor Units.

(c) Contributor and the Unit Holders acknowledge that they have been advised that (i) the Contributor Units must be held indefinitely, and Contributor and the Unit Holders will continue to bear the economic risk of the investment in the Contributor Units, unless they are redeemed pursuant to the OP Agreement or are subsequently registered under the Act or an exemption from such registration is available, (ii) it is not anticipated that there will be any public market for the Units at anytime, (iii) Rule 144 promulgated under the Act may not be available with respect to the sale of any securities of CRLP (and that upon redemption of the

Contributor Units in CRLP for shares of Common Stock a new holding period under Rule 144 may commence), and CRLP has made no covenant, and makes no covenant, to make Rule 144 available with respect to the sale of any securities of CRLP (although Cali and CRLP have agreed to register the Common Stock pursuant to the Registration Rights Agreement, as hereinafter defined), (iv) a restrictive legend as set forth in Section 5.5 below shall be placed on the Certificates representing the Contributor Units, and (v) a notation shall be made in the appropriate records of CRLP indicating that the Contributor Units are subject to restrictions on transfer.

(d) Contributor and the Unit Holders also acknowledge that (i) the redemption of Contributor Units for shares of Common Stock is subject to certain restrictions contained in the OP Agreement; and (ii) the shares of said Common Stock which may be received upon such a redemption may, under certain circumstances, be restricted securities and be subject to limitations as to transfer, and therefore subject to the risks referred to in subsection (c) above. Notwithstanding anything herein or in the OP Agreement to the contrary, Contributor hereby acknowledges and agrees that it and the Unit Holders may not exercise the Redemption Rights (as defined in the OP Agreement) until after the date which is one year from the Closing Date.

(e) Contributor and each of the Unit Holders is either an "accredited investor" (as such term is defined in Rule 501 (a) of Regulation D under the Act) or Contributor and each of the Unit Holders either alone or with its purchaser representative(s) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment.

5.3 In addition to the provisions of Section 5.1, Contributor hereby warrants and represents the following with respect to environmental matters:

(a) To Contributor's knowledge, except as disclosed on Schedule 5.3(a) and except for Contaminants used for cleaning the Property (including, without limitation, the Personal Property) which are stored and used on the Property in accordance with all Environmental Laws:

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

(ii) Contributor has not received any Notice (as hereinafter defined) or advice from any Governmental Authority or any other third party with respect to Contaminants on, under, at, emanating from, or affecting the Real Property, and, to Contributor's knowledge, no Contaminants have been Discharged (as hereinafter defined) which has resulted in a Governmental Authority demanding that a cleanup be undertaken;

(iii) no portion of the Real Property has ever been used by Contributor to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other third party with respect thereto;

(iv) no portion of the Real Property is now, or, to Contributor's knowledge, ever been used as a Major Facility (as hereinafter defined) and Contributor shall not use, nor shall Contributor permit use of any portion of the Real Property, for that purpose;

(v) Contributor has not transported any Contaminants from the Real Property to another location which was not done in compliance with applicable Environmental Laws;

(vi) no ss.104(e) informational request has been received by Contributor issued pursuant to CERCLA (as hereinafter defined);

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

(viii) all pre-existing above ground storage tanks and Underground Storage Tanks at the Real Property, if any, existing during Contributor's ownership of the Real Property, have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(ix) Contributor has not received any Notice that it does not have all environmental certificates, licenses and permits ("Permit") required to operate the Real Property and Contributor has not received any Notice that there is no violation of any statute, ordinance, rule, regulation, order, code, directive or requirement, including, without limitation, Environmental Laws, with respect to any Permit, nor any pending application for any

Permit;

(x) Contributor has not in the past and does not now own, operate or control any Major Facility (as hereinafter defined); and

(xi) Contributor has not received Notice that the Real Property is in not material compliance with Environmental Laws.

(b) Notwithstanding anything to the contrary contained in this Agreement, the obligation of CRLP to pay the Consideration and otherwise proceed to Closing shall be subject to the condition that Contributor obtain a Letter of Non-Applicability pursuant to ISRA from the Element (as hereinafter defined) on or before the date (hereinafter called the "ISRA Compliance Date") that is twenty (20) days after this Agreement is executed by Contributor. Upon CRLP's request, Contributor shall provide CRLP with all information, reports, studies and analysis which Contributor delivered to the NJDEP with the application for, or otherwise in connection with the issuance of, the Letter of Non-Applicability. If the requirements of this Section are not satisfied on or before the ISRA Compliance Date, CRLP shall have the right to extend the ISRA Compliance Date for up to thirty (30) days or to terminate this Agreement, and if the requirements of this Section are not satisfied by the extended ISRA Compliance Date, either party shall have the right to terminate this Agreement. If this Agreement is so terminated, this Agreement shall be rendered null and void and of no further force or effect, the Deposit shall promptly be paid to

CRLP, and neither party shall have any further liability or obligation to the other under or by virtue of this Agreement. Contributor or Contributor's representatives, to the extent in Contributor's possession or control, have delivered to CRLP: (i) all Environmental Documents concerning the Real Property; (ii) all Environmental Documents concerning the Real Property generated by or on behalf of Contributor; (iii) all Environmental Documents concerning the Real Property generated by or on behalf of current or future occupants of the Real Property.

(c) Contributor shall notify CRLP in advance of all meetings scheduled between Contributor or Contributor's representatives and NJDEP, and CRLP, and CRLP's representatives, shall have the right, without obligation, to attend and participate in all such meetings.

(d) The following terms shall have the following meanings when used in this Agreement:

(i) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous substance,

hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the New Jersey Environmental Rights Act, N.J.S.A. 2A:35A-1 et seq.; the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq. (the "Spill Act"); the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 et seq.; the Hazardous Substances Discharge: Reports and Notices Act, N.J.S.A. 13:1K-15 et seq.; the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq.; the "Tanks Laws" as defined below; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. ss.1251 et seq.; together with any amendments thereto, regulations promulgated thereunder and all substitutions thereof, as well as words of similar purport or meaning referred to in any other applicable federal, state, county or municipal environmental statute, ordinance, code, rule or regulation, including, without limitation, radon, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives. Where a statute, ordinance, code, rule or regulation defines any of these terms more broadly than another, the broader definition shall apply.

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

(iii) "Element" shall mean the Industrial Site Evaluation Element or its successor of the NJDEP.

(iv) "Environmental Documents" shall mean all environmental documentation in the possession or under the control of Contributor concerning the Real Property, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

(v) "Environmental Laws" shall mean each and every applicable federal, state, county or municipal statute, ordinance, rule, regulation, order, code, directive or requirement, together with

all successor statutes, ordinances, rules, regulations, orders, codes, directives or requirements, of any Governmental Authority in any way related to Contaminants.

(vi) "Major Facility" is as defined in the Spill Act.

(vii) "NJDEP" shall mean the New Jersey Department of Environmental Protection or its successor.

(viii) "Notice" shall mean, in addition to its ordinary meaning, any written communication of any nature, whether in the form of correspondence, memoranda, order, directive or otherwise.

(ix) "Tank Laws" shall mean the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq., and the federal underground storage tank law (Subtitle I) of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq., together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

(x) "Underground Storage Tank" shall mean each and every "underground

storage tank", whether or not subject to the Tank Laws, as well as the "monitoring system", the "leak detection system", the "discharge detection system" and the "tank system" associated with the "underground storage tank", as those terms are defined by the Tank Laws.

5.4 All representations and warranties made by Contributor in this Agreement shall survive the Closing Date for a period of six (6) months and shall not be merged in the delivery of the Deed. Any claim for a breach of any representation or warranty shall be waived unless a claim in writing (which includes, in reasonable detail, a description of the nature of the claim) to Contributor is made within six (6) months after Closing, time being of the essence, and an action or proceeding with respect to such claim is commenced no later than nine (9) months after the Closing Date, time being of the essence, if the claim is not theretofore resolved. Contributor agrees to indemnify and defend Cali and CRLP, and to hold Cali and CRLP harmless, from and against any and all claims, liabilities, losses, deficiencies and damages (excluding consequential and punitive damages) as well as reasonable expenses (including attorney's, consulting and engineering fees), and interest and penalties related thereto, incurred by Cali and CRLP, by reason of or resulting from any breach, inaccuracy or incompleteness of the representations and warranties of Contributor contained in this Agreement, provided,

however, that Contributor's monetary liability for all claims under this Section 5.4 shall be limited to $250,000.00 in the aggregate inclusive of reasonable expenses, interest and penalties incurred by Cali and CRLP as aforesaid.

5.5 All of the representations and warranties made by Contributor herein are made to the actual knowledge of Gough Thompson and Winn Thompson. Knowledge of employees, contractors or agents of Contributor shall not be imputed to the undersigned. All references to notice shall mean written notice unless otherwise expressly provided. The representations and warranties shall be deemed to have been made at the date of this Agreement and shall not be construed as continuing. If any representation or warranty of Contributor needs to be modified due to changes since the date of this Agreement, Contributor shall deliver to CRLP a certificate, dated as of the date of the Closing, identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change. In no event shall Contributor be liable to CRLP for, or be deemed to be in default hereunder by reason of, any representation or warranty which has become untrue or incorrect by reason of any change that occurs between the date of this Agreement and the date of the Closing; provided, however, the occurrence of a change which renders a representation or warranty untrue or incomplete, if materially adverse to CRLP, shall constitute the non-fulfillment of a condition precedent under Section 12.2; if, despite changes or other matters described in such certificate, the Closing occurs, Contributor's representations or warranties set forth in this Agreement shall be deemed to have been modified by all statements made in such certificate.

5.6 Contributor hereby acknowledges that each Certificate representing the Contributor Units 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 PARTNERSHIP AGREEMENT DATED AS OF AUGUST 31, 1994 AS AMENDED AS OF JANUARY 16, 1997 (A COPY OF WHICH IS ON FILE WITH THE OPERATING PARTNERSHIP) AND THAT CERTAIN CONTRIBUTION AND EXCHANGE AGREEMENT AMONG PRINCETON OVERLOOK, L.L.C., THE OPERATING PARTNERSHIP AND CALI REALTY CORPORATION DATED AS OF JANUARY 16, 1997 (A COPY OF WHICH IS ON FILE WITH THE OPERATING PARTNERSHIP; THE "EXCHANGE AGREEMENT"). EXCEPT AS OTHERWISE PROVIDED IN SUCH AGREEMENTS, 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 OPERATING 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. IN ADDITION, THE UNITS ARE SUBJECT TO THE PROVISIONS OF SECTION 17 OF THE EXCHANGE AGREEMENT."

5.7 Except as expressly set forth in this Agreement, Contributor does not make, has not made and specifically disclaims, any representation or warranty, express or implied, regarding Contaminants or the Property's or Contributor's compliance with Environmental Laws. CRLP waives and releases any claim, other than claims based upon an express representation or warranty in this Agreement ("Excluded Claims"), against Contributor, any parent, subsidiary or affiliate of any of them, and any officers, directors, shareholders, members, agents or attorneys of them (collectively, the "Contributor Entities"), related to, arising out of or in any manner connected with Contaminants or the Property's or Contributor's compliance with Environmental Laws, which waiver and release shall survive the Closing.

6. REPRESENTATIONS AND WARRANTIES OF CALI AND CRLP.

6.1 In order to induce Contributor to perform as required hereunder, Cali and CRLP hereby jointly and severally warrant and represent the following:

(a) (i) CRLP is a duly organized and validly existing limited partnership organized and in good standing under the laws of the State of Delaware, has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations hereunder and under such other documents and instruments in order to acquire the Property in accordance with the terms and conditions hereof. All necessary actions of the partners of CRLP to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(ii) Cali is a duly organized and validly existing corporation organized and in good standing under the laws of the State of Maryland, has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to

perform its obligations hereunder and under such other documents and instruments in order to permit CRLP to acquire the Property in accordance with the terms and conditions hereof. All necessary actions of the board of directors of Cali to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(b) This Agreement and the agreements and other documents to be executed and delivered by each of Cali and CRLP hereunder, when duly executed and delivered, will be the legal, valid and binding obligation of each of Cali and CRLP, enforceable in accordance with the terms of this Agreement. The performance by each of Cali and CRLP of each of its duties and obligations under this Agreement and the documents and instruments to be executed and delivered by each of them hereunder will not conflict with, or result in a breach of, or default under, any provision of any of the organizational documents of each of Cali and CRLP or any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to which each of Cali and CRLP is a party or by which each of its assets are or may be bound.

(c) The Contributor Units to be issued to Contributor and/or the Unit Holders are duly authorized and, when issued by CRLP, will be fully paid and non-assessable, free and clear of any mortgage, pledge, lien, encumbrance, security interest, claim or right of interest of any third party of any nature whatsoever. The shares of Common Stock to be issued by Cali upon redemption of the Contributor Units and will be reserved for future listing with the New York Stock Exchange prior to the date upon which any of the same become exercisable or redeemable for Common Stock, and, upon such issuance, will be fully paid and non-assessable, free and clear of any mortgage, pledge, lien, encumbrance, security interest, claim or rights of interest of any third party of any nature whatsoever.

(d) CRLP has furnished to Contributor a true and complete copy of the OP Agreement, as amended to date.

(e) The SEC Documents have been and will be prepared and filed in compliance with the rules and regulations promulgated by the SEC, and do not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made or will be made, not misleading.

(f) The execution and delivery of this Agreement and the performance by each of Cali and CRLP of its respective obligations hereunder do not and will not conflict with or violate any law, rule, judgment, regulation, order, writ, injunction or decree of any court or governmental or quasi-governmental entity with jurisdiction over Cali or CRLP including, without limitation, the United States of America, the State of New Jersey or any political subdivision of any of the foregoing, or any decision or ruling of any arbitrator to which Cali or CRLP is a party or by which Cali or CRLP is bound or affected.

(g) Cali (i) intends to file its federal income tax return for the tax year that will end on December 31, 1997 as a real estate investment trust within the meaning of Sections 856 and 857 of the Code ("REIT"), (ii) has complied with all applicable provisions of the Code relating to a REIT for 1995 and 1996, (iii) has operated, and intends to continue to operate, in such a manner as to qualify as a REIT for 1997 and (iv) has not taken or omitted to take any action which would reasonably be expected to result in a challenge to its status as a REIT, and no such challenge is pending or, to Cali's knowledge, threatened.

(h) Cali is not in default under, or in violation of, any provision of its organizational documents.

(i) All of Cali's real property and other material assets are owned by Cali indirectly through its ownership of CRLP and CRLP's subsidiaries and

certain subsidiaries of Cali.

(j) Neither Cali nor CRLP has made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by either of Cali's or CRLP's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of Cali's or CRLP's assets, suffered the attachment or other judicial seizure of all, or substantially all, of Cali's or CRLP's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

6.2 Each of Cali and CRLP acknowledges that it is not in a significantly disparate bargaining position with respect to Contributor in connection with the transaction contemplated by this Agreement, and that Cali and CRLP were represented by legal counsel in connection with this transaction.

6.3 All representations and warranties made by Cali and CRLP

in this Agreement shall survive the Closing Date for a period of six (6) months, and shall not be merged in the delivery of the Deed. Any claim for a breach of any representation or warranty shall be waived unless a claim in writing (which includes, in reasonable detail, a description of the nature of the claim) to CRLP or Cali is made within six (6) months after Closing, time being of the essence, and an action or proceeding with respect to such claim is commenced no later than nine (9) months after Closing, time being of the essence, if the claim is not theretofore resolved. Cali and CRLP agree to indemnify and defend Contributor, and to hold Contributor harmless, from and against any and all claims, liabilities, losses, deficiencies and damages (excluding consequential and punitive damages) as well as reasonable expenses (including attorney's, consulting and engineering fees), and interest and penalties related thereto, incurred by Contributor, by reason of or resulting from any breach, inaccuracy, incompleteness or nonfulfillment of the representations, warranties, covenants and agreements of Cali and CRLP contained in this Agreement, provided, however, that the aggregate monetary liability of CRLP and Cali for all claims under this Section 6.3 shall be limited to $250,000.00 in the aggregate inclusive of reasonable expenses, interests and penalties incurred by Contributor as aforesaid.

6.4 CRLP has examined the property and agrees that, except as otherwise expressly provided in this agreement, neither contributor nor any employee, agent, affiliate or attorney representing or purporting to represent contributor has made, and CRLP has not relied on, any representation or warranty to CRLP, whether express or implied, in particular, CRLP agrees that no such representation or warranty to CRLP whether express or implied, has been made with respect to the physical condition or operation of the property, the revenues and expenses of the property, the zoning and other laws, regulations and rules applicable to the property and the compliance of the property therewith. CRLP agrees to accept the property "As-Is", "Where-Is", in its present condition and further agrees that contributor shall not be liable for any latent or patent defects in the property or bound in any manner by guarantees, promises, projections, operating statements, set-ups, or other information pertaining to the property made, furnished or claimed to have been made or furnished by contributor or any other person or entity, including any warranties of marketability, merchantability, fitness for particular purpose, habitability, design, workmanship or otherwise given by contributor to CRLP in connection with this transaction, except as otherwise expressly provided in this agreement. CRLP acknowledges having received a $150,000.00 reduction in the Consideration as a result of certain matters uncovered during CRLP's investigation of the Property prior to the

date of this Agreement including, without limitation, the development approvals relating to the portion of the Property that has not yet been developed, the TID and COAH, the condition of the elevators in the existing building on the Property and the Pending Condemnation.

II. COVENANTS OF CONTRIBUTOR.

7.1 Contributor covenants and agrees that between the date hereof and the Closing Date it shall perform or observe the following with respect to the Property:

(a) Contributor will operate and maintain the Real Property in the ordinary course of business and use reasonable efforts to reasonably preserve for CRLP the relationships of Contributor and Contributor's Tenants, suppliers, managers, employees and others having on-going relationships with the Real Property. Contributor will complete any capital expenditure program currently in process or anticipated to be completed at or prior to Closing. Contributor will not defer taking any actions or spending any of its funds, or otherwise manage the Real Property differently, due to the transaction contemplated by this Agreement.

(b) Contributor, as landlord, will not enter into any new leases with respect to the Real Property, or renew or modify any Lease, without CRLP's prior written consent, which will not be unreasonably withheld or delayed;

(c) If, prior to Closing Date, Contributor shall have received from (i) any insurance company which issued a policy with respect to the Real Property, (ii) any board of fire underwriters or other body exercising similar functions, or (iii) the holder of any mortgage, any notice requiring or recommending any repair or alteration work to be done on the Real Property, Contributor shall provide prompt notice thereof to CRLP but will have no obligation to CRLP to effectuate said repairs or obligations provided, however, that if Contributor elects not to effectuate said repairs or alterations, then upon notice to CRLP, at CRLP's election, CRLP may either (x) elect to close title to the Property subject to the condition and assuming the obligation to pay any fines or penalties imposed with respect to same without any reduction in the Consideration, or (y) elect to terminate this Agreement, whereby the parties shall have no further liability to each other, except for those matter which shall expressly survive a termination of this Agreement.

(d) Contributor shall not:

(i) enter into any agreement requiring Contributor to do work for any Tenant after the Closing Date without first obtaining the prior written consent of CRLP, which will not be unreasonably withheld or delayed;

(ii) accept the surrender of any Service Contract or Lease, or grant any concession, rebate, allowance or free rent;

(iii) apply any Security Deposits with respect to any Tenant in occupancy on the Closing Date;

(iv) renew, extend or modify any of the Service Contracts;

(v) remove any Personal Property, except as may be required for repair and replacement. All replacements shall be free and clear of liens and encumbrances and shall be of quality at least equal to the replaced items and shall be deemed included in this sale, without cost or expense to CRLP;

(e) For a period of one (1) year after Closing, Contributor shall, upon request of CRLP at any time after the date hereof, assist CRLP in its preparation of audited financial statements, statements of income and expense, and such other documentation as CRLP may reasonably request, covering the period of Contributor's ownership of the Real Property at no cost or expense to Contributor;

(f) Contributor shall make all required payments under any mortgage affecting the Real Property within any applicable grace period, but without reimbursement by CRLP therefor. Contributor shall also comply with all other material terms covenants, and conditions of any mortgage on the Real Property;

(g) Contributor shall not cause or permit the Property, or any interest therein, to be alienated, mortgaged, licensed, encumbered or otherwise be transferred (subject to Section 16.2).

(h) Contributor agrees to maintain and keep in full force and effect the hazard, liability and casualty insurance policies it is currently maintaining.

(i) Contributor shall serve notice of cancellation, at it sole cost and expense, of those Service Contracts which CRLP elects not to take subject to by notice given not less than five (5) days prior to Closing, excluding any Service Contracts which are, by

their terms, cancelable without payment or penalty upon thirty (30) days' prior notice.

(j) Contributor shall permit CRLP and its authorized representatives to inspect the Books and Records of its operations at all reasonable times upon reasonable notice. All Books and Records not conveyed to CRLP hereunder shall be maintained for CRLP's inspection at Contributor's address as set forth above.

(k) If, prior to Closing, Contributor shall become aware of any violations of statutes, ordinances, rules, regulations, orders, codes, directives or requirements affecting the Real Property, whether or not such violations are noted in the records of or have been issued by any Governmental Authorities, Contributor shall provide prompt notice thereof to CRLP but will have no obligation to cure the same prior to Closing provided, however, that if Contributor elects not to cure the same, then upon notice to CRLP, at CRLP's election, CRLP may either (i) close title to the Property subject to such violations and assuming the obligation to pay any fines or penalties imposed with respect to same without reduction in the Consideration, or (ii) terminate this Agreement, whereby the parties shall have no further liability to each other, except as expressly stated herein.

(l) Contributor shall:

(i) promptly notify CRLP of, and promptly deliver to CRLP, a certified

true and complete copy of any Notice Contributor may receive, on or before the Closing Date, from any Governmental Authority, concerning a violation of Environmental Laws or Discharge of Contaminants; and

(ii) In the event any Environmental Documents come into the possession or under the control of Contributor or its representatives between the signing of this Agreement and the Closing, then the Contributor shall promptly deliver or cause to be delivered to CRLP a certified true and complete copy of all such Environmental Documents.

(m) Contributor, at its sole cost and expense, shall complete all work under construction by Contributor, its agent(s) or contractor(s) at the Property in accordance with the obligation giving rise to such work having to be performed, and shall obtain and deliver to CRLP, as soon as practical, all final certificates of completion and occupancy, or other documentation reasonably satisfactory to CRLP, evidencing the acceptance of said work by all

appropriate Governmental Authorities having jurisdiction thereover and the party for whom the work is being so performed; said obligations shall survive Closing.

7.2 To the extent that any of the Promotional Materials are not in the possession of Contributor, Contributor shall use reasonable efforts to cause the holders or owners of same to deliver such Promotional Materials to CRLP, without cost or expense, which obligation shall survive the Closing.

7.3 Contributor covenants and agrees that it shall timely provide CRLP with drafts of any pertinent documentation in connection with leasing matters, Service Contracts and agreements for work to be done on behalf of tenants and shall keep CRLP informed of all substantive negotiations and discussions with respect to the foregoing matters on an on-going basis.

8. LEASING COMMISSIONS AND TENANT IMPROVEMENT OBLIGATIONS

8.1 All leasing commissions due on account of the original term of all Leases made before the date of this Agreement as well as any extension and renewal terms which are presently in effect (but not renewals or extensions of such Leases which are exercised after the Closing Date) shall be paid by Contributor. All leasing commissions on account of extensions or renewals of Leases made after the Closing Date shall be paid by CRLP. All tenant improvements obligations in connection with original Lease terms or extensions and renewals now in effect shall be satisfied by Contributor prior to the Closing Date. The provisions of this Section shall survive the Closing.

9. ESTOPPEL CERTIFICATES.

9.1 On or prior to the date hereof, Contributor agrees to deliver to each Tenant an estoppel certificate in the form annexed hereto as Exhibit 9.1 for Tenant's execution, completed to reflect the Tenant's particular Lease status. Contributor agrees to use its reasonable efforts to obtain from all Tenants the estoppel certificates in such form. Contributor agrees to deliver to CRLP, upon receipt, copies of all estoppel letters received by Tenants. The estoppel certificates required to be obtained pursuant to this Section 9.1 are collectively referred to as the "Estoppel Certificates".

9.2 As a condition to Closing, Contributor shall deliver (a) an Estoppel Certificate from each Tenant that leases space at the Real Property in excess of 10,000 square feet or more in the aggregate, and (b) Estoppel Certificates from the remaining Tenants leasing, in the aggregate, at least seventy-five (75%) percent of the square footage of the Real Property.

10. CLOSING.

10.1 The consummation of the transactions contemplated hereunder (the "Closing") shall take place at the offices of Pryor, Cashman, Sherman & Flynn, 410 Park Avenue, New York, New York 10022 on or about the date which is twenty (20) days following the date of this Agreement (the "Closing Date"). Upon notice to Contributor, CRLP shall have the right to accelerate the Closing Date to a date that is not less than three (3) days after the date of CRLP's notice.

10.2 On the Closing Date, Contributor, at its sole cost and expense, will deliver or cause to be delivered to CRLP the following documents:

(a) Bargain and sale deed (the "Deed") with covenants against grantor's acts in proper statutory form for recording so as to convey to CRLP title to the Real Property, free and clear of all liens and encumbrances, except the Permitted Encumbrances. The delivery of the Deed shall also be deemed to constitute a transfer of the Personal Property associated with the Real Property conveyed by the Deed. No portion of the Consideration is attributable to the Personal Property.

(b) All original Leases and all other documents pertaining thereto, and certified copies of such Leases or other documents where Contributor, using its best efforts, is unable to deliver originals of same.

(c) All other original documents or instruments referred to herein, including, without limitation, the Service Contracts, Permits and Licenses, and Books and Records, and certified copies of same where Contributor, using its best efforts, is unable to deliver originals.

(d) A letter to Tenants advising the Tenants of the transaction hereunder and directing that rent and other payments thereafter be sent to CRLP or its designee, as CRLP shall so direct.

(e) Duly executed and acknowledged assignment and assumption of all Leases, Rents, Security Deposits, Tradename, Permits and Licenses and Intangible Property in the form of Exhibit 10.2(e)
annexed hereto.

(f) Duly executed and acknowledged assignment and assumption of all Service Contracts in the form of Exhibit 10.2(f) annexed hereto, other than those Service Contracts CRLP elects not to take subject to.

(g) The Letter of Non-Applicability.

(h) The title affidavit required by Section 4.3.

(i) Affidavits and other instruments including, but not limited to, all organizational documents of Contributor including operating agreements, filed copies of limited liability certificates, articles of organization, and good standing certificates, reasonably requested by CRLP and the Title Company evidencing the power and authority of Contributor to enter into this Agreement and any documents to be delivered hereunder, and the enforceability of same.

(j) The original Estoppel Certificates.

(k) A list of all cash Security Deposits and all non-cash Security Deposits (including letters of credit) delivered by Tenants under the Leases, together with other instruments of assignment, transfer or consent as may be necessary to permit CRLP to realize upon same.

(l) A certificate indicating that the representations and warranties of Contributor made in this Agreement are true and correct in all material respects as of the Closing Date, or if there have been any changes, a description thereof.

(m) A Rent Roll for the Real Property current as of the Closing Date, certified by Contributor as being true and correct in all material respects.

(n) Subject to Section 16 below, all proper instruments as shall be reasonably required for the conveyance to CRLP of all right, title and interest, if any, of Contributor in and to any award or payment made, or to be made, (i) for any taking in condemnation, eminent domain or agreement in lieu thereof of land adjoining all or any part of the Improvements, (ii) for damage to

the Land or Improvements or any part thereof by reason of change of grade or closing of any such street, road, highway or avenue, and (z) for any taking in condemnation or eminent domain of any part of the Land or Improvements.

(o) In order to avoid the imposition of the withholding tax payment pursuant to Section 1445 of the Code, a certificate signed by an officer of Contributor to the effect that Contributor is not a "foreign person" as that term is defined in Section 1445(f)(3) of the Code.

(p) Any transfer and other tax declarations and returns and information returns, duly executed and sworn to by Contributor as may be required of Contributor by law in connection with the conveyance of the Property to CRLP.

(q) A statement setting forth all adjustments and prorations shown thereon.

(r) Letter of direction regarding the issuance of the Contributor Units to the Unit Holders from the legal and beneficial owners of the Property. The signatories of said letter are also to acknowledge that they are the legal and beneficial owners of same.

(s) An assignment to CRLP (by agreement reasonably satisfactory to the parties) of the Sewer Line Rights and Payments which assignment shall include, without limitation, any right to payment which arose prior to the Closing Date. Any payments received by Contributor prior to the Closing Date shall be paid to CRLP on that date.

(t) Duly executed and acknowledged assignment of all rights, titles and interests of Contributor in and to the Pending Condemnation and all proceeds and awards paid or payable with respect to same (subject, however, to retention of Contributor's right to be paid the Contributor's Share) in the form of Exhibit

10.2(t) annexed hereto.

(u) Such other documents as may be reasonably required or appropriate to effectuate the consummation of the transactions contemplated by this Agreement.

10.3 On the Closing Date, Cali and CRLP, at their sole cost and expense, will deliver or cause to be delivered to Contributor the following documents:

III. The Cash Payment, net of adjustments and prorations.

(b) The Certificates representing the Contributor Units.

(c) Duly executed and acknowledged assignment and assumption of all Leases, Rents, Security Deposits, Tradenames, Permits and Licenses and Intangible Property substantially in the form of Exhibit 10.2(e) annexed hereto.

(d) Duly executed and acknowledged assignment and assumption of Service Contracts in the form of Exhibit 10.2(f) annexed hereto (to the extent CRLP has agreed to take subject to the same).

(e) A certificate indicating that the representations and warranties of Cali and CRLP made in this Agreement are true and correct as of the Closing Date, or if there have been any changes, a description thereof.

(f) A Registration Rights Agreement substantially in the form of Exhibit 10.3(f).

(g) Amendment to OP Agreement substantially in the form of Exhibit 10.3(g) reflecting admission of Contributor as limited partner.

(h) Such other documents as may be reasonably required or appro priate to effectuate the consummation of the transactions contemplated by this Agreement.

10.4 Contributor shall pay all state or county documentary stamps or transfer taxes on the Deed, including, but not limited to the New Jersey Realty Transfer Fee. CRLP shall pay all title insurance premiums and title examination fees. Each party shall be responsible for its own attorney's fees and one-half (1/2) of any reasonable escrow fees. The provisions of this Section 10.4 shall survive the Closing.

10.5 The Closing shall be consummated without compliance with bulk sales laws. If by reason of any applicable bulk sales law, any claims are asserted by creditors of Contributor related to periods prior to the Closing, such claims shall be the responsibility of Contributor, and Contributor shall jointly and severally indemnify, defend and hold harmless CRLP and Cali (and their respective directors, officers, employees, affiliates, successors and assigns) from and against all losses or liabilities, if any, based upon, arising out of or otherwise in respect of the failure to comply with such bulk sales laws.

IV. ADJUSTMENTS.

11.1 The following items with respect to the Real Property are to be apportioned as of midnight on the date preceding the Closing:

(a) Rents, escalation charges and percentage rents payable by Tenants as and when collected. Unpaid rents, escalation charges and percentage rents for the month in which Closing takes place and for prior months are hereafter referred to as Arrearages. CRLP shall make a good faith effort to collect Arrearages but shall not be obligated to bring any action therefor. Contributor may attempt to collect Arrearages Contributors but shall not, without CRLP's consent, which shall not be unreasonably withheld, institute any lawsuit or collection procedures. In no event and under no circumstances may Contributor seek to evict any tenant. All payment made for the month in which the Closing takes place or after Closing by tenants who owe Arrearages shall be applied first to current rents, escalation charges and percentage rents and then to Arrearages, if any, in the inverse order of maturity. Notwithstanding the foregoing, any payment received by either party within ninety (90) days after the Closing Date from either Novo Nordisk, Xerox Corporation, IDS Financial Services, Withum, Smith and Brown or Hannoch, Weisman on account of escalation charges under each of their respective Leases shall be applied first to the escalation charges for the period prior to the Closing Date with respect to such Lease. A party which receives a payment to be applied on account of Arrearages will remit any Arrearages it collects, minus out-of-pocket expenses incurred in collection such Arrearages, in accordance with the provisions hereafter set forth. If any Arrearages are received, the recipient shall promptly notify the other party, identifying the tenant and amount paid. Any Arrearages received by a party and owned to the other party in accordance with this Section shall be deemed to be received and held in trust and shall be paid to the party to whom such Arrearages are owed (as provided herein) promptly after they are received.

(b) Upon sufficient advance notice, a cashier's or certified check or wire transfer to the order of CRLP in the amount of all cash Security Deposits and any prepaid rents, together with interest required to be paid thereon. At the election of CRLP, such amount may be allotted to CRLP as a credit against the Cash Payment.

(c) Utility charges payable by Contributor including, without

limitation, electricity, water charges and sewer charges. If there are meters on the Real Property, Contributor will cause readings of all said meters to be performed not more than five (5) days prior to the Closing Date.

(d) Amounts payable under the Service Contracts other than those Service Contracts which CRLP has elected not to assume.

(e) Real estate taxes due and payable for the calendar year or fiscal year, as applicable. If the Closing Date shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. If subsequent to the Closing Date, real estate taxes (by reason of change in either assessment or rate or for any other reason) for the Real Property should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Contributor agrees to pay CRLP any increase shown by such recomputation and vice versa.

(f) The value of fuel stored at any of the Real Property, at Contributor's most recent cost, including taxes, on the basis of a reading made within ten (10) days prior to the Closing by Contributor's supplier.

11.2 At the Closing, Contributor shall deliver to CRLP a list of additional rent, however characterized, under a Lease including without limitation, real estate taxes, electrical charges, utility costs and operating expenses (collectively, "Additional Rents") billed to Tenants for the calendar year 1997 (both on a monthly basis and in the aggregate), the basis for which the monthly amounts are being billed and the amounts incurred by Contributor on account of the components of Additional Rent for calendar year 1997. Upon the reconciliation by CRLP of the Additional Rents billed to Tenants, and the amounts actually incurred for the calendar year 1997, Contributor and CRLP shall be entitled to receive payments from Tenants, as the case may be, on a pro rata basis based upon each party's period of ownership during calendar year 1997.

11.3 Except as otherwise provided in this Agreement, the adjustments shall be made in accordance with the customs in respect to title closings in the State of New Jersey. Any and all errors in the adjustments will be corrected on the Closing Date and the provisions of this Section 11 shall survive the Closing Date.

12. CONDITIONS PRECEDENT TO CLOSING.

12.1 The obligations of Contributor to deliver title to the Property and to perform the other covenants and obligations to be performed by Contributor on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Contributor):

(a) The representations and warranties made by CRLP and Cali herein shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date;

(b) CRLP and Cali shall have executed and delivered to Contributor all of the documents provided herein for said delivery; and

(c) Contributor shall have received the Cash Payment.

12.2 The obligations of Cali and CRLP to accept title to the Property and Cali and CRLP's obligation to perform the other covenants and obligations to be performed by Cali and CRLP on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Cali or CRLP):

(a) The representations and warranties made by Contributor herein shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date;

(b) Contributor shall have performed all material covenants and material obligations undertaken by Contributor herein in all respects and complied with all material conditions required by this Agreement to be performed or complied with by it on or before the Closing Date;

(c) The Title Company is unconditionally prepared to issue to CRLP a Title Policy meeting the requirements set forth in Section 4 hereof for an "insurable title"; and

(d) Contributor shall have executed and delivered to CRLP all of the documents provided for herein for said delivery.

13. ASSIGNMENT.

13.1 This Agreement may not be assigned by Cali or CRLP except

upon notice not less than five (5) business days prior to Closing to a directly or indirectly wholly-owned subsidiary or subsidiaries of Cali or CRLP, or to a partnership in which any such wholly-owned subsidiary or subsidiaries owns, either directly or indirectly, at least seventy-five (75%) percent of the profits, losses and cash flow thereof and controls the management of the affairs of such partnership (any such entity, a "Permitted Assignee") and any other assignment or attempted assignment by Cali or CRLP shall be deemed null and void and of no force and effect. In addition, at Closing, CRLP shall have the right to cause Contribution to direct the Deed and other closing instruments to such party as (who shall be deemed to be a Permitted Assignee and bound by the terms of this Agreement) CRLP shall direct. No such assignment shall relieve Cali and CRLP from their obligations under this Agreement, and they shall be jointly and severally liable with permitted assignee for such obligations.

14. BROKER.

14.1 Cali, CRLP and Contributor represent that they have not dealt with any brokers, finders or salesmen in connection with this transaction other than The Garibaldi Group, Ltd. ("Broker"), whose commission shall be paid by Contributor pursuant to a separate agreement. Cali, CRLP and Contributor agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which they may sustain, incur or be exposed to by reason of any claim for fees or commissions made through the other party. The provisions of this Section shall survive the Closing or other termination of this Agreement.

15. CASUALTY LOSS.

15.1 Contributor shall continue to maintain the fire and extended coverage insurance policies, annexed hereto as Schedule 15.1, with respect to the Property (the "Insurance Policies") which are currently in effect through the Closing.

15.2 If at any time prior to the Closing Date any portion of the Real Property is destroyed or damaged as a result of fire or any other casualty (a "Casualty"), Contributor shall promptly give written notice ("Casualty Notice") thereof to CRLP along with Contributor's estimate, given in good faith, of the cost to repair

as a result of the Casualty (the "Repair Cost"). If the Repair Cost is in excess of $1,000,000.00 then within ten (10) days after the receipt of the Casualty Notice, CRLP shall have the right, at its sole option, of terminating this Agreement by written notice to Contributor given within ten (10) days after receipt of the Casualty Notice. If CRLP does not terminate this Agreement, the proceeds of any insurance with respect to the Real Property paid between the date of this Agreement and the Closing Date plus the amount of Contributor's deductible under the policy insuring the Casualty shall be paid to CRLP at Closing, and all unpaid claims and rights in connection with losses to the Property shall be assigned to CRLP at Closing without in any manner affecting the Consideration.

15.3 Contributor shall cause all temporary repairs to be made to the Real Property as shall be required to prevent further deterioration and damage to the Real Property prior to the Closing Date provided, however, that any such repairs shall first be approved by CRLP, except if there is an emergency. Contributor shall have the right to be reimbursed from the proceeds of any insurance with respect to the Real Property paid between the date of this Agreement and the Closing Date for the cost of all such repairs.

16. CONDEMNATION.

16.1 In the event, that prior to Closing, Contributor receives notice of the institution or threatened institution of any proceedings, judicial, administrative or otherwise, by eminent domain or otherwise, which propose to affect a material portion of the Real Property, Contributor shall give notice (a "Condemnation Notice") to CRLP promptly thereafter. Within fifteen (15) days following receipt of the Condemnation Notice, CRLP shall have the right and option to terminate this Agreement by giving Contributor written notice thereof. Any damage to or destruction of the Real Property as a result of a taking by eminent domain shall be deemed "material" for purposes of this Section if the estimate of the damage, which estimate shall be performed by an insurance adjuster and CRLP's architect, shall exceed $250,000.00. Should CRLP so

terminate this Agreement in accordance with this Section, neither party shall have any further liability or obligations to the other. In the event CRLP shall not elect to cancel this Agreement, Contributor shall assign all proceeds of such taking to CRLP, same shall be CRLP's sole property, and CRLP shall have the sole right to settle any claim in connection with the Property, and there shall be no reduction in the Consideration.

16.2 Notwithstanding anything to the contrary contained in Section 16.1 above, the parties acknowledge that a portion of the Real Property is the subject of a condemnation action pending in the Superior Court of New Jersey Law Division, Mercer County, Docket No. MER-I-003039-96 and related litigation (the "Pending Condemnation"). Contributor and CRLP agree that the proceeds of the Pending Condemnation, whether such proceeds are obtained from judgment, settlement or by other means, and whether the same are paid prior to or after the Closing, shall be paid as follows:

(a) to Contributor, to the extent of $428,000.00 ("Contributor's Share"), then

(b) to CRLP, to the extent there are proceeds in excess of $428,000.00.

Contributor shall defend and/or prosecute, as applicable, the Pending Condemnation, keep CRLP apprised as to the status of such matter, and deliver copies of all decisions, correspondence or other comunications concerning the Pending Condemnation to CRLP. Contributor and CRLP shall cooperate with one another in connection with the Pending Condemnation, and prior to Closing neither party shall have the right to settle, terminate or make any other decisions or take any other action respecting the same without the other party's written consent provided, however, that notwithstanding anything to the contrary herein contained, Contributor shall have the right to obtain payment of the Contributor's Share plus any interest thereon payable by the condemning authority (to the extent such interest relates to the period prior to Contributor's receipt of Contributor's Share), and CRLP will cooperate with Contributor in all reasonable respects (at no cost or expense to CRLP) to obtain such payment immediately after request therefor from Contributor. The provisions of this Section 16.2 shall survive the Closing Date.

17. TRANSFER RESTRICTIONS; RIGHT OF FIRST REFUSAL.

17.1 Contributor agrees that the Contributor Units may not be sold, assigned, transferred, pledged, encumbered or in any manner disposed of (collectively, "Transferred") or redeemed for shares of Common Stock until the first anniversary of the Closing Date. Thereafter, the Contributor Units and/or the shares of Common Stock underlying the Contributor Units (the "Underlying Shares") may only be Transferred (i) privately in accordance with the terms of the OP Agreement and this Section 17, or (ii) in the form of Underlying

Shares only, publicly (subject to the restrictions of the Act and the rules and regulations promulgated thereunder) in trading blocks of 300,000 shares of Common Stock or less. Notwithstanding anything herein to the contrary, the provisions of this Section 17 shall not apply to, and, in addition to any rights under the OP Agreement, Contributor and the Unit Holders shall have the right to make the following Transfers: (i) pledges or encumbrances of all or a portion of the Contributor Units to an institutional lender and/or (ii) Transfers of all or any portion of the Contributor Units to Permitted Transferees in accordance with the OP Agreement. "Permitted Transferees" means (i) any entity or individual comprising Contributor or the Unit Holders; (ii) any direct or indirect equity owner of Contributor or the Unit Holders; and (iii) members of the Immediate Family (as defined in the OP Agreement) of Contributor or the Unit Holders (or any direct or indirect equity owner thereof) and trusts for the benefit of one or more members of the Immediate Family of Contributor or the Unit Holders (or any direct or indirect equity owner thereof) created for estate and/or gift tax purposes. Any holder of Contributor Units pursuant to (i) or (ii) of the preceding sentence, shall be subject to the applicable terms and conditions of the OP Agreement and shall sign a counterpart of the OP Agreement to such effect.

17.2 If Contributor, the Unit Holders, or any of their Permitted Transferees (each a "Contributor Party") receives a bona fide written offer to purchase part or all of its Contributor Units or Underlying Shares in a privately negotiated transaction which it desires to accept, such Contributor Party shall not sell, transfer, or otherwise dispose of (the "Proposed Disposition") such Units or Underlying Shares (the "Disposition Securities") to a third party (the "Purchaser"), unless, prior to such Proposed Disposition, such Contributor Party shall have promptly reduced the terms and conditions, if any, of the Proposed Disposition to a reasonably detailed writing and shall have delivered written notice (the "Disposition Notice") of such Proposed Disposition to CRLP. All offers to purchase Contributor Units or Underlying Shares must be for cash. The Disposition Notice shall contain an irrevocable offer to sell all, but not less than all, the Disposition Securities to CRLP upon the same terms (including price) and subject to the same conditions, if any, as those contemplated by the Proposed Disposition, and shall be accompanied by a true and correct copy of the agreement embodying the terms and conditions, if any, of the

Proposed Disposition (which shall identify the Purchaser, the Disposition Securities, the consideration and method of payment contemplated by the Proposed Disposition and all other terms and conditions, if any, of the Proposed Disposition).

17.3 CRLP shall have the irrevocable right and option (the "Purchase Option"), within five (5) business days after receipt of the Disposition Notice (the "Notice Period"), to accept such irrevocable offer to purchase the Disposition Securities which are subject to the Proposed Disposition. If CRLP determines to exercise such Purchase Option, it shall deliver to the Contributor Party written notice of the exercise of its Purchase Option with respect to the Disposition Securities (an "Exercise Notice") prior to the expiration of the Notice Period.

17.4 If CRLP shall have timely delivered its Exercise Notice with respect to the Disposition Securities, all certificates for the Disposition Securities shall be delivered to CRLP at a closing to be held on the later of the date on which the Proposed Disposition, if accepted, would close or five (5) business days after such Exercise Notice is given, at the offices of Pryor, Cashman, Sherman & Flynn located at 410 Park Avenue, New York, New York 10022. At such closing, CRLP shall deliver to the Contributor Party in immediately available funds the amount of the purchase price set forth in the Disposition Notice due against the simultaneous delivery of certificates representing the Disposition Securities so disposed of, duly endorsed in blank or accompanied by a stock power or powers duly endorsed in blank, and in proper form for transfer, together with any necessary stock-transfer stamps, and such Disposition Securities shall be delivered free and clear of all liens, security interests and encumbrances whatsoever.

17.5 If CRLP (i) notifies the Contributor Party that it is not exercising its Purchase Option or (ii) does not deliver an Exercise Notice prior to the expiration of the Notice Period, CRLP shall be deemed to have waived its Purchase Option in which event Contributor Party may sell the Disposition Securities to the Purchaser for a period of thirty (30) days after the expiration of the Notice Period in which event the transferee shall take free and clear of the restrictions set forth in this Section 17; provided, however, that such Disposition Securities are sold to the Purchaser at a price not less than that contained in the Disposition Notice and on terms and conditions, if any, not more favorable to the Purchaser than those contained in the Disposition Notice. If Contributor Party wishes to sell all or any part of the Disposition Securities on terms more favorable to the Purchaser than those set forth in the Disposition Notice or does not sell such Disposition Securities on the terms and conditions contained in the Disposition Notice within the aforementioned thirty (30) day period, it shall again be obligated to make new offers to CRLP, in accordance with this Section 17, before it shall be permitted to consummate a Proposed Disposition of the Disposition Securities, or any part

thereof, in a privately negotiated transaction.

18. TAX MATTERS.

18.1 Contributor will pay or provide for payment of all Taxes due and payable on or after the Closing and will file all returns and reports required to be filed on or after the Closing with respect to Taxes imposed in connection with the ownership and operation of the Property for all taxable periods (or portions thereof) ending on or prior to the Closing, for which CRLP could be held liable on a claim made against CRLP.

18.2 Contributor shall pay any and all Taxes including, without limitation, Taxes imposed with respect to the ownership or operation of the Property for all taxable periods (or portions thereof) ending on or prior to the Closing, imposed upon CRLP based, in whole or in part, upon the failure to comply with the bulk sales laws.

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

19. MANAGEMENT OF THE PROPERTY POST CLOSING.

19.1 Contributor or its designee shall continue to manage the on-site day-to-day operations of the Real Property for a period of six (6) months following the Closing provided, however, that (a) CRLP shall have the right to terminate Contributor's obligation to operate and manage the Real Property at any time with cause (including, without limitation, if Winn Thompson is no longer active in the day-to-day management of the Property) without penalty by giving written notice of such termination to Contributor, (b) Contributor's obligations shall include all obligations typically performed by an on-site manager of real property similar to the Real Property in the location where the Real Property is located, (c) Contributor shall in all cases act in accordance with the direction of CRLP, and (d) Contributor or its designee shall enter into a management agreement substantially in the form annexed hereto as Schedule 19.1 (the "Management Agreement"). During the period Contributor shall act as manager, Contributor and CRLP shall work together to effect a smooth transition to management of the Real Property by CRLP or its designee. Notwithstanding the

foregoing provisions of this Section, it is understood and agreed that CRLP shall assume all billing and accounting responsibilities for the Real Property as of

the Closing Date. The provisions of this Section shall survive the Closing. Notwithstanding anything to the contrary, Contributor covenants that Winn Thompson shall at al times remain active in the day-to-day management of the Property pursuant to the Management Agreement.

20. PUBLICATION; CONFIDENTIALITY.

20.1 CRLP shall have the right to make such public announcements or filings with respect to the exchange as CRLP may deem reasonably prudent. CRLP shall not, however, issue any such announcement without the prior reasonable written approval of Contributor as to the text of the announcement. Notwithstanding the foregoing, CRLP and Contributor shall be entitled to make such filings or announcements upon advice of counsel as may be necessary or required by law.

20.2. Without the prior written consent of the other party, until CRLP shall make a public announcement as provided in Section 20.1, neither CRLP nor Contributor shall disclose, and Contributor and CRLP will direct their respective representatives, employees, agents and consultants not to disclose, to any person or entity the fact that CRLP and Contributor have entered into an agreement to acquire the Property or any of the terms, conditions or other facts with respect to this Agreement. Notwithstanding the foregoing, either party may disclose those terms and conditions which are required to be disclosed pursuant to law or in order to comply with this Agreement; provided, however, that the disclosing party shall use its best efforts to limit the disclosure to the information necessary, shall advise any party to whom disclosure is made that said terms and conditions are subject to a confidentiality requirement and shall obtain the agreement of said party to keep any information disclosed to it as confidential. In the event of a breach of the provisions of this Section 20.2, either party shall be entitled to all of its rights and remedies at law or in equity.

20.3 Contributor shall not disclose to any third party any information that is not public information concerning Cali, CRLP or any transaction or potential transaction Contributor may become aware of involving Cali or CRLP without CRLP's prior written consent.

21. REMEDIES.

21.1 In the event CRLP or Cali fail to perform their respective obligations on the Closing Date, CRLP's sole liability, and Contributor's sole recourse, shall be limited to the amount of the Deposit. Contributor agrees that retention of the Deposit constitutes fixed and liquidated damages resulting from CRLP's or Cali's default, and Contributor waives any other claim, at law or in equity, either against CRLP, Cali or against any person, known or unknown, disclosed or undisclosed.

21.2 In the event of any default on the part of Contributor or Contributor's failure to comply with any representation, warranty or agreement in any material respect, CRLP shall be entitled to either (i) terminate this Agreement upon notice to Contributor, in which event neither party shall thereafter have any further obligations under this Agreement; or (ii) to commence an action against Contributor seeking specific performance of Contributor's obligations under this Agreement, in which case the prevailing party in such action shall be reimbursed for all costs incurred by it (including, without limitation, reasonable attorney's fees) in connection with such action. In no event shall Contributor otherwise be liable for any damages not specifically provided for under this Agreement (including, by way of example and not limitation, under Section 5.4).

21.3 The provisions of this Section 21 shall survive the Closing or earlier termination of this Agreement.

22. NOTICE.

All notices, demands, requests, or other writings in this Agreement provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be in writing and shall be delivered by depositing the same with any nationally recognized overnight delivery service, or by telecopy or fax machine, in either event with all transmittal fees prepaid, properly addressed, and sent to the following addresses:

If to Cali or CRLP: c/o Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Attn: Roger W. Thomas, Esq.
(908) 272-8000 (tele.)
(908) 272-6755 (fax)

with a copy to: Pryor, Cashman, Sherman & Flynn
410 Park Avenue

New York, New York 10022
Attn: Wayne B. Heicklen, Esq.
(212) 326-0425 (tele.)
(212) 326-0806 (fax)

If Contributor: Princeton Overlook Limited Liability Company
Suite 103
100 Overlook Center
Princeton, New Jersey 08540
(609) 452-0800 (tele.)
(609) 452-0266(fax)

with a copy to: Crummy, Del Deo, Dolan, Griffinger & Vecchione
One Riverfront Plaza
Newark, New Jersey 071902
Attn: Russell Bershad, Esq.
(201) 596-4500 (tele.)
(201) 596-0545 (fax)

or to such other address as either party may from time to time designate by written notice to the other or to the Escrow Agent. Notices given by (i) overnight delivery service as aforesaid shall be deemed received and effective upon actual receipt provided a delivery receipt is obtained and (ii) telecopy or fax machine shall be deemed given at the time and on the date of machine transmittal provided same is sent prior to 4:00 p.m. on a business day (if sent later, then notice shall be deemed given on the next business day) and if the sending party receives a written send confirmation on its machine and forwards a copy thereof by regular mail accompanied by such notice or communication. Notices may be given by counsel for the parties described above, and such notices shall be deemed given by said party, for all purposes hereunder.

23. ESCROW AGREEMENT.

23.1 The Deposit shall be held by the Escrow Agent in escrow and disposed of only in accordance with the provisions of this Section. The Deposit shall be invested in an interest-bearing certificate of deposit, money market fund, treasury bill or other similar security designated by CRLP, utilizing CRLP's taxpayer identification number and all interest accruing thereon shall be paid to CRLP, except as otherwise provided herein.

23.2 The Escrow Agent will deliver the Deposit to Contributor or to CRLP, as the case may be, under the following conditions:

(a) To Contributor on the Closing Date;

(b) To Contributor, together with all interest accruing on the deposit, upon receipt of written demand therefor, such demand stating that CRLP has defaulted in the performance of this Agreement and specifically setting forth the facts and circumstances underlying such default. The Escrow Agent shall not honor such demand until more than five (5) days have elapsed after the Escrow Agent has mailed a copy of such demand to Contributor or CRLP, as the case may be, nor thereafter if the Escrow Agent shall have received written notice of objection from CRLP in accordance with the provisions of Section 23.3; or

(c) To CRLP upon receipt of written demand therefor, such demand stating that this Agreement has been terminated in accordance with the provisions hereof, or Contributor has defaulted in the performance of this Agreement, and specifically setting forth the facts and circumstances underlying the same. The Escrow Agent shall not honor such demand until more than five (5) days have elapsed after the Escrow Agent has mailed a copy of such demand to Contributor or CRLP, as the case may be, nor thereafter, if the Escrow Agent shall have received written notice of objection from the other party in accordance with the provisions of Section 23.3.

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

23.4 In the event the Escrow Agent shall have received the notice of objection provided for in Section 23.2 and within the time therein prescribed, the Escrow Agent shall continue to hold the Deposit until (a) the Escrow Agent receives written notice from Contributor and CRLP directing the disbursement of said Deposit, in which case, the Escrow Agent shall then disburse said Deposit in accordance with said direction, or (b) in the event of litigation between Contributor and CRLP, the Escrow Agent shall deliver the Deposit to the Clerk of

the Court in which said litigation is pending, or (c) the Escrow Agent takes such affirmative steps as the Escrow Agent may, in the Escrow Agent's reasonable opinion, elect in order to terminate the Escrow Agent's duties including,

but not limited to, depositing the Deposit with the Court and bringing an action for interpleader, the costs thereof to be borne by whichever of Contributor or CRLP is the losing party.

23.5 The Escrow Agent may act upon any instrument or other writing believed by it in good faith to be genuine and to be signed and presented by the proper person and it shall not be liable in connection with the performance of any duties imposed upon the Escrow Agent by the provisions of this Agreement, except for damage caused by the Escrow Agent's own negligence or willful default. The Escrow Agent shall have no duties or responsibilities except those set forth herein. The Escrow Agent shall not be bound by any modification of this Agreement, unless the same is in writing and signed by CRLP and Contributor, and, if the Escrow Agent's duties hereunder are affected, unless the Escrow Agent shall have given prior written consent thereto. In the event that the Escrow Agent shall be uncertain as to the Escrow Agent's duties or rights hereunder, or shall receive instructions from CRLP or Contributor which, in the Escrow Agent's opinion, are in conflict with any of the provisions hereof, the Escrow Agent shall be entitled to hold the Deposit and may decline to take any other action.

24. MISCELLANEOUS.

24.1 This Agreement constitutes the entire agreement between the parties and incorporates and supersedes all prior negotiations and discussions between the parties. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their successors and assigns, and nothing in the Agreement express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

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

24.3 This Agreement shall be interpreted and governed by the laws of the State of New Jersey and shall be binding upon the parties hereto and their respective successors and assigns.

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

24.5 If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this

Agreement shall be construed without such provision.

24.6 Prior to and after the Closing, each party shall, from time to time, execute, acknowledge and deliver such further instruments, in recordable form, if necessary, and perform such additional acts, as the other party may reasonably request in order to effectuate the intent of this Agreement, within thirty (30) days of the request. Nothing contained in this Agreement shall be deemed to create any rights or obligations of partnership, joint venture or similar association between Contributor and CRLP. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto, and without regard to or aid of canons requiring construction against Contributor, CRLP or the party whose counsel drafted this Agreement. The provisions of this Section shall survive the Closing.

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

24.8 All references herein to any Section or Exhibit shall be to the Sections of this Agreement and to the Exhibits annexed hereto unless the context clearly dictates otherwise. All of the Exhibits annexed hereto are, by this reference, incorporated herein.

24.9 In the event of any litigation or alternative dispute resolution between CRLP and Contributor in connection with this Agreement or the transaction contemplated herein, the non-prevailing party in such litigation or alternative dispute resolution shall be responsible for payment of all expenses and reasonable attorneys' fees incurred by the prevailing party. The provisions of this Section shall survive the Closing.

24.10 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.

25. MEMORANDUM OF AGREEMENT.

25.1 Contributor and CRLP shall, upon the execution of this Agreement, execute and acknowledge a memorandum or short form of this Agreement which CRLP shall have the right to record. In addition, the parties shall execute and acknowledge a discharge or

release of such memorandum or short form of this Agreement, which shall be deposited with the Escrow Agent. Escrow Agent shall hold such discharge or release in escrow and deliver the same (a) to CRLP at the Closing, or (b) to Contributor ten (10) days after notice to CRLP that this Agreement has expired or been terminated.

26. RESTRUCTURE.

26.1 Contributor, CRLP and Cali agree to consider, in good faith, a restructuring of this transaction and an amendment to this Agreement which provides, essentially (a) for the dissolution of the assets and liabilities of the Contributor (including, without limitation, the Property) to the members of Contributor, and (b) the conveyance by each member of their respective interests in the Property to CRLP and Cali for the Consideration and upon the other terms and conditions set forth in this Agreement, except that one member would receive the portion of the Consideration to which it is entitled in cash, and the other member would receive the portion of the Consideration to which it is entitled part in cash and part in exchange for OP Units (the "Restructure"). CRLP and Cali agree that if a Restructure occurs; (i) the Real Property will not be sold for a period of three years after the Closing Date and, (ii) they will endeavor to provide the member of the Contributor who received OP units with the right to guaranty some mutually agreed upon amount of debt of CRLP or of Cali. Notwithstanding the foregoing, the terms and conditions of such a restructuring and amendment shall be subject to each parties consent (at their absolute discretion), and none of the parties to this Agreement are bound to enter into any such restructuring or amendment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CALI REALTY, L.P.

By: Cali Realty Corporation

By:
Roger Thomas, Vice President

CALI REALTY CORPORATION

By:
Roger Thomas, Vice President

PRINCETON OVERLOOK LIMITED LIABILITY
COMPANY

By:

The undersigned joins in the execution of the Agreement solely for the purpose of acknowledging the receipt of the Deposit and its agreement to hold the Deposit in escrow in accordance with the terms hereof.

ESCROW AGENT

STEWART TITLE INSURANCE COMPANY

By:
Name:
Title:

EXHIBIT NO. 127

FIRST AMENDMENT TO CONTRIBUTION
AND EXCHANGE AGREEMENT

THIS AGREEMENT (the "Agreement") is made this 18th day of December, 1997 among PRINCETON OVERLOOK LIMITED LIABILITY COMPANY ("Contributor"), a limited liability company organized under the laws of the State of New Jersey having an address at c/o Bessemer Trust Company, N.A., 630 Fifth Avenue, New York, New York 10111, CD OVERLOOK L.P. (the "Thompson Group"), a limited partnership organized under the laws of the State of New Jersey having an address c/o Cavendish Development, Inc., #205, 301 North Harrison Street, Princeton, New Jersey 08540, PRINCETON OVERLOOK ASSOCIATES LIMITED PARTNERSHIP (the "POALP Group", and together with Contributor and the Thompson Group, collectively, the "Contributor Group"), a limited partnership organized under the laws of the State of New Jersey having an address c/o John Daltner, Gilbert, Whitney & Johns, Jefferson Plaza, 110 South Jefferson Road, Whippany, New Jersey 07891, and CALI REALTY, L.P. (N/K/A MACK-CALI REALTY, L.P.) ("CRLP"), a Delaware limited partnership and CALI REALTY CORPORATION (N/K/A/ MACK-CALI REALTY CORPORATION) ("Cali", and together with CRLP, collectively, the "Cali Group"), a Maryland corporation, each having an address at 11 Commerce Drive, Cranford, New Jersey 07016.

RECITALS

A. Contributor, CRLP and Cali are parties to that certain Contribution and Exchange Agreement dated as of the date of this Agreement (the "CEA"). The Thompson Group and the POALP Group are the sole members of Contributor.

B. Section 26 of the CEA provides, inter alia, that the parties thereto would consider, in good faith, a Restructure (as such term is defined therein), and the parties hereto desire to set forth the terms and conditions of the Restructure and otherwise amend the Agreement upon, and subject to, the terms, covenants and conditions herein contained.

C. All capitalized terms used herein shall have the respective meanings ascribed to them in the CEA unless otherwise indicated.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and for Ten Dollars ($10.00) and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, do hereby agree to amend the CEA as follows:

1. RESTRUCTURE.

1.1 The Thompson Group and the POALP Group shall, prior to Closing, cause Contributor to be dissolved and its assets (including, without limitation, the Property) and liabilities (including, without limitation, the liabilities under the CEA) to be distributed in accordance with the terms of a separate agreement. At the Closing, the Thompson Group and the POALP Group shall each cause their respective interests in the Property to be sold, assigned, transferred and conveyed to CRLP in accordance with the terms, covenants and conditions of the CEA as amended hereby. The Thompson Group and the POALP Group are jointly and severally bound by all of the terms, covenants and conditions set forth in the CEA, and they jointly and severally assume the obligations and liabilities of Contributor set forth in the CEA as amended hereby, as though the Thompson Group and the POALP Group were parties to the CEA instead of Contributor.

1.2 Notwithstanding the provisions of Section 2.1 of the CEA to the contrary, CRLP shall cause (i) the $21,581,500.00 Cash Payment (subject to adjustment as provided for under the CEA) to be paid at Closing as follows: (a) $_____ to the Thompson Group, and (b) $_____ to the POALP Group, by wire transfer of federal funds to an account designated by each party, and (ii) the Contributor Units to be issued to Unitholders designated by the POALP Group as set forth on Schedule 1.2 attached hereto.

2. REPRESENTATIONS AND WARRANTIES.

2.1 The Thompson Group and the POALP Group each hereby warrant and represent the following:

(a) The Thompson Group and the POALP Group are each duly organized and validly existing limited partnerships organized under the laws of the State of New Jersey and duly authorized to transact business in the State of New Jersey, have all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered hereunder, and to perform their respective obligations hereunder and under

such other documents and instruments in order to sell the Property in accordance with the terms and conditions hereof. All necessary actions of the partners of

the Thompson Group and the POALP Group to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on their behalf have been taken.

(b) This Agreement, when duly executed and delivered, will be the legal, valid and binding obligation of the Thompson Group and the POALP Group, enforceable in accordance with the terms of this Agreement. The performance by the Thompson Group and the POALP Group of their respective duties and obligations under this Agreement and the documents and instruments to be executed and delivered by them hereunder will not conflict with, or result in a breach of, or default under, any provision of any of the respective organizational documents of either the Thompson Group or the POALP Group or any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to which either party is a party or by which its assets are or may be bound.

(c) Neither the Thompson Group nor the POALP Group have made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of its assets, suffered the attachment or other judicial seizure of all, or substantially all, of its assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

The provisions of Section 5.4 of the CEA shall apply to the representations and warranties of the Thompson Group and the POALP Group set forth in this Section 2.1, and the Thompson Group and the POALP Group shall each be individually liable for the obligation to indemnify, defend and hold Cali and CRLP harmless from any breach, inaccuracy or incompleteness by such party of a representation or warranty made by such party contained in this Section 2.1 to the extent provided for in Section 5.4 of the CEA. Notwithstanding the foregoing, however, except as provided in Section 2.2 of this Agreement, the Thompson Group and the POALP Group shall each be jointly and severally liable for the obligation to indemnify, defend and hold Cali and CRLP harmless from any breach, inaccuracy or incompleteness of the representations and warranties of the Contributor contained in the CEA, and the aggregate liability of the Thompson Group and the POALP Group under Section 5.4 of the CEA shall be $250,000.00 as provided therein.

2.2 The representations and warranties set forth in Section 5.2 of the CEA shall be deemed to be made by and on behalf of the POALP Group and the Unitholders, and the Thompson Group shall have no liability to Cali or CRLP for any breach, inaccuracy or incompleteness thereof. Notwithstanding anything to the contrary contained in Section 5.4 of the CEA, the representations and warranties of POALP and the Unitholders contained in Section 5.2 shall survive the Closing Date indefinitely and shall not be subject to the $250,000.00 limitation of monetary liability provided for in Section 5.4 of the CEA.

2.3 The Thompson Group shall maintain its existence for a period of six (6) months after the Closing Date or, if a claim is made by Cali or CRLP pursuant to the terms of Section 5.4 of the CEA (as amended hereby), the Thompson Group shall maintain its existence for such longer period of time as may be necessary for Cali or CRLP to prosecute its claim to completion and, if it is successful in such proceeding, to obtain and collect the value of its claim. The provisions of this Section 2.3 shall survive the Closing.

3. LIMITED GUARANTY OF THE POALP GROUP.

3.1 In order to assist the Unitholders in deferring the recognition of gain for Federal income tax purposes resulting from the contribution of the Real Property to CRLP, at Closing, or at any time subsequent thereto in accordance with the terms hereof, CRLP and its subsidiaries and affiliates will permit the Unit Holders to guarantee or indemnify CRLP or Cali for a portion of any debt incurred by CRLP or Cali or their affiliates and/or their subsidiaries (collectively the "Cali Debt") in the aggregate amount of up to $2,000,000.00 (the "POALP Debt Amount"). CRLP, Cali and their subsidiaries and affiliates agree to use commercially reasonable efforts, to the extent possible, to maintain a sufficient amount of liabilities to permit the Unitholders to guarantee or indemnify, as the case may be, the POALP Debt Amount in order to allow the Unitholders to continue to defer recognition of gain for Federal income tax purposes. CRLP and Cali agree to take any and all reasonable actions necessary for the execution of each guarantee, indemnity, security or pledge agreement by the Unitholders to result in basis for the Unitholders for Federal income tax purposes.

3.2 Notwithstanding the foregoing provisions of Section 3.1, it is expressly understood and agreed that CRLP, Cali and their subsidiaries and affiliates have prior and present commitments to maintain a certain amount of liabilities (approximately

$530,000,000.00) and that they may in the future, from time to time, make additional commitments for the same in connection with the issuance of additional Units in exchange for other properties to unrelated third parties in tax deferred transactions (collectively, the "Other Groups") and, if so, the

aggregate amount of debt for such Other Groups is referred to herein as the "Other Debt Amounts." CRLP and Cali will use their commercially reasonable efforts to maintain, to the extent possible, an amount of liabilities in excess of the Other Debt Amounts to enable the Unitholders to continue to guarantee or indemnify a portion of the Cali Debt up to the POALP Debt Amount in order to maintain for their tax position deferring gain present that results from the contribution of property to CRLP, provided that CRLP or Cali is not adversely affected. In this regard, the Unitholders agree to readjust the amounts of their guarantees and indemnities, and CRLP, Cali and their subsidiaries and affiliates agree to use commercially reasonable efforts to structure its financing, in such a way to permit the Unitholders to restructure their respective guarantees or indemnities so that the re-computed POALP Debt Amounts maintain the deferral of Federal income taxes.

4. RESTRICTIONS ON SALE OF THE PROPERTY

4.1 From the period (the "Restricted Period") that commences on the Closing Date and ends upon the earlier of the date upon which the original Unitholders "Intended Transferee's" (as defined below) have transferred, sold or otherwise disposed of ninety-eight (98%) percent or more of their Units in a taxable transaction or any other transaction which results in a basis step-up to the Unitholders in the Units to their current fair market value, to other than Permitted Designees, or (c) the third (3rd) anniversary of the Closing, CRLP, Cali and their subsidiaries and affiliates may not dispose of or distribute the Real Property at any time except (i) in a tax-free like-kind exchange which satisfies the requirements of Code Section 1031 and the Treasury Regulations promulgated thereunder, (ii) if a sale or disposition of the Real Property would not result in recognition of Built-in Gain by the Unitholders, (iii) otherwise in compliance with the provisions of this Section 4, or (iv) if CRLP pays to the Unitholders an amount equal to the sum of (A) the federal, state, and local income taxes payable by the Unitholders resulting from the recognition of the Built-in Gain triggered by such sale, and (B) an additional payment in an amount equal to the amount such that after payment by the Unitholders of all taxes (including interest or penalties) on amounts received under Section 4.1 (iv)(A) and this Section 4.1 (iv)(B), the Unitholders retain an amount equal to the amount described in Section 4.1(iv)(A). After the Restricted Period, the

restrictions contemplated by this Section 4 shall terminate in their entirety. "Permitted Designees" shall include any inter vivos transfer to (i) spouses of the Intended Transferees, or (ii) any trusts or other entities in which they own an interest unless any such transfers trigger Built-in Gain or result in a basis step-up to the Unitholders. For purposes of this Section 4.1, unless CRLP is furnished with an opinion of counsel to the contrary, any transfer of the Units to any person or entity other than a Permitted Designee is presumed to be a taxable transaction. The Unitholders agree to cooperate with CRLP and Cali regarding the calculation of the amount of actual Built-in Gain attributable to the Real Property recognized upon any transfer. For purposes of this Agreement, the term "Built-in Gain" for the Real Property shall mean the excess, if any, of the fair market value of the Real Property on the Closing Date over the Real Property's basis for Federal income tax purposes on such date. The provisions of this Section 4.1 shall survive the Closing. The "Intended Transferee's" shall mean the beneficial owners of the Unitholders, John Daltner, Estate of Edward R. Purcell and Troast Overlook Associates.

4.2 Notwithstanding Section 4.1 above, during the Restricted Period, CRLP, Cali and their subsidiaries and affiliates may dispose of the Real Property at any time in connection with (i) the sale of all or substantially all of the properties owned by CRLP under such terms and conditions which the Board of Directors of Cali (the "Board"), in its sole judgment, determines to be in the best interests of Cali and its public stockholders, or (ii) a sale (including without limitation a transfer to a secured lender in lieu of foreclosure) which the Board, in its sole judgment, determines is reasonably necessary (1) to satisfy any material unsecured debt, judgment or liability of CRLP or Cali when they become due (at maturity or otherwise) or (2) to cure any default under any material mortgage, debt or liability with respect to the Real Property provided, however, that no such sales will be made under clause (ii) unless CRLP is unable to settle or refinance any such debts, judgments or liabilities or cure any such defaults after making commercially reasonable efforts to do so under then prevailing market conditions. If the Board, in its sole judgment, determines that it is necessary to dispose of properties to satisfy a material unsecured debt, judgment or liability of CRLP when it becomes due (at maturity or otherwise), CRLP covenants and agrees that it shall use commercially reasonable efforts to sell properties other than the Real Property to satisfy such material debt, judgment or liability. If, after the Cali has made commercially reasonable efforts to sell only properties other than the Real Property, an unsatisfied portion of such debt, judgment or liability remains, CRLP may sell the Real Property as necessary to

satisfy fully the remaining unpaid portion. In the case of any disposition of the Real Property pursuant to this Section 4.2, the Unitholders may attempt to obtain title to the Real Property so long as any equity in the Real Property which CRLP may otherwise be seeking to preserve is not lost or jeopardized. Moreover, in the event of a transfer of the Real Property to a secured lender in lieu of foreclosure, CRLP shall use commercially reasonable efforts to provide the Unitholders the right to (a) cure the default, (b) acquire the Real Property

from the lender subject to the debt or liability, or (c) permit the Unitholders to exercise CRLP's right of redemption with respect to the Real Property.

4.3 After the expiration of the Restricted Period, CRLP, Cali or their subsidiaries or affiliates may dispose of the Real Property at any time provided, however, that CRLP, Cali and their subsidiaries and affiliates shall use commercially reasonable efforts (without cost, liability or expense to CRLP, Cali or their subsidiaries or affiliates) to prevent any such sale, transfer or other disposition of the Real Property from resulting in the recognition of Built-in-Gain by Unitholders.

4.4 In the event CRLP desires to sell or otherwise desires to dispose of, or receives an offer to purchase, the Real Property pursuant to Section 4.2 or 4.3 above, CRLP shall give notice (the "Offering Notice") thereof to the Unitholders. The Offering Notice shall specify the nature of the sale, and the consideration and other material terms upon which it intends to undertake such sale. Within ten (10) days thereafter, the Unitholders may elect, by notice to CRLP, to purchase the Real Property. If the Unitholders elect to so purchase, then such purchase shall be consummated on the terms and conditions set forth in the Offering Notice. Unitholders may use their Units as currency, in whole or in part, in connection with the purchase of any of the Real Property from CRLP pursuant to this Section 4.4. If within the ten (10) day period during which the Unitholders have the right to elect to purchase the Real Property for sale under the Offering Notice, Unitholders do not make the election or fail to respond to the Offering Notice, then CRLP may undertake to sell the Real Property on such terms and conditions as it shall elect.

5. CEA REMAINS BINDING. Except as and to the extent modified hereby, the CEA shall remain in full force and effect and binding upon the parties in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

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

By:
Roger Thomas, Executive Vice President

MACK-CALI REALTY CORPORATION

By:
Roger Thomas, Executive Vice President

PRINCETON OVERLOOK LIMITED
LIABILITY COMPANY
By: CD OVERLOOK, L.P., its Managing
Member
By: Cavendish Development Company, Inc.,
its General Partner

By:

CD OVERLOOK, L.P.
By: Cavendish Development Company, Inc.,
its General Partner

By:

PRINCETON OVERLOOK ASSOCIATES LIMITED
PARTNERSHIP
By: Troast Overlook Associates,
its General Partner
By: Troast Properties Partnership,
General Partner

By:
John G. Troast
General Partner

By:
John G. Troast, Jr.
General Partner

EXHIBIT NO. 10.128

PURCHASE AND SALE AGREEMENT
BY AND BETWEEN
THE CONCORD PLAZA JOINT VENTURE, AS SELLER,
AND
CALI REALTY ACQUISITION CORP., AS BUYER

This Purchase and Sale Agreement (this "Agreement") is entered into as of the Effective Date (hereinafter defined), by and between THE NEW CONCORD PLAZA JOINT VENTURE (dba The Concord Plaza Joint Venture), a Texas joint venture of which The New Plaza Corporation, a Delaware corporation, is Managing Venturer, as Seller (herein "Seller"), and CALI REALTY ACQUISITION CORP., a Delaware corporation, as Buyer (herein "Buyer").

In consideration of the mutual covenants and representations herein contained, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Sale and Purchase of Property. Seller hereby agrees to sell to Buyer, and Buyer hereby agrees to purchase from Seller, upon the terms and conditions herein set out, the following described real and personal property in San Antonio, Bexar County, Texas (herein collectively the "Property"):

1.1. The following real property:

1.1.1. Lot 2, Block 1, New City Block 16743, CENTRAL BUSINESS PARK, UNIT 2, City of San Antonio, Bexar County, Texas, according to plat recorded in Volume 9509, Page 42, Deed and Plat Records, Bexar County, Texas;

1.1.2. Together with all right, title and interest of Seller in and to (a) all streets, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to the real property or the Improvements (as hereinafter defined); (b) any strips or gores between the Real Property and abutting or adjacent properties; and (c) all water and water rights, timber, crops and mineral interests pertaining to such real property (such real property and other rights, titles and interests being hereinafter sometimes called the "Real Property");

1.2. All buildings, structures and other improvements, including an eleven (11) story office building commonly known as the Harte Hanks Tower in Concord Plaza (such buildings, structures and other improvements being hereinafter sometimes called the

"Improvements") now or hereafter situated on the Real Property;

1.3. All fixtures, equipment, systems, machinery, furniture, furnishings, inventory, goods, building and construction materials, supplies, of every kind and character, now owned or hereafter acquired by Seller, which are now or hereafter attached to or situated in, on or about the Real Property or the Improvements, which are used in or necessary to the complete and proper planning, development, use, occupancy or operation thereof, or acquired (whether delivered to the Real Property or stored elsewhere) for use or installation in or on the Real Property or the Improvements, and all renewals and replacements of, substitutions for and additions to the foregoing, including, but without limiting the foregoing, any and all fixtures, equipment, machinery, systems, facilities and apparatus for heating, ventilating, air conditioning, refrigerating, plumbing, sewer, lighting, generating, cleaning, storage, incinerating, waste disposal, sprinkler, fire extinguishing, communications, elevators, security alarm, gas, electrical, water, all tanks, pipes, wiring, conduits, ducts, doors, partitions, fans, motors, engines and boilers; but specifically excluding any office furniture, office supplies or office computers or office equipment of Seller, whether or not used in the operation of the Property, but which are not required for the operation of the Property, or any files or records of Seller which are unrelated to the operation or maintenance of the Improvements (all of which, other than the immediately above specifically excluded items, are herein sometimes referred to together, as the "Accessories");

1.4. All (a) plans and specifications, change orders, shop drawings, manuals and other construction documents for the Improvements, prepared by Seller's architect and/or civil engineer, and any other engineering studies, which in each case, to the current actual knowledge of Seller, are in the possession of or available to Seller at no additional expense to Seller (but nothing herein creates any obligation on the part of Seller to cause any such plans or studies to

be prepared) (the "Project Plans"), (b) engineering reports, soils reports and environmental reports which in each case, to the current actual knowledge of Seller, are in the possession of or available to Seller at no additional expense to Seller (but nothing herein creates any obligation on the part of Seller to cause any such plans or studies to be prepared) (the "Project Studies"), (c) deposits for utility service and accounts, contract rights, instruments, documents, commitments (the "Contract Deposits"), (d) all right, title and interest of Seller in any permits, licenses, franchises, certificates, approvals and other rights and privileges obtained in connection with the Real Property, the Improvements or the Accessories or any part thereof (the "Permits") (but nothing herein creates any obligation on the part of Seller to cause any such permits to be obtained), and (e) Seller's rights in any service, maintenance, union, employment, or other contracts, equipment leases or other material agreements pertaining to the operations of the Property (the "Contracts"), if assigned and assumed by Buyer at the Closing pursuant to the terms of this Agreement;

1.5. Trademarks, Tradename, symbols and other marks and trade or business names relating to

the ownership, use and/or management of the Property, to the extent of Seller's interest therein, including the right to the use of the name "Concord" only as "Concord Plaza" with respect to the Property or any future expansion thereof, but not otherwise (the "General Intangibles"), but such right to the use of the name "Concord Plaza" is not exclusive and is also available for use with respect to the development of the properties contiguous to the north and south boundaries of the Property;

1.6. All right, title and interest of Seller in and to all lease and occupancy agreements, written or oral, for any leased Property (the "Leases" or "Lease Agreements"; tenants under any Leases are herein "Tenant" or "Tenants");

1.7. All deposits from any Tenant, which deposits are currently held in escrow at The Frost National Bank in San Antonio, Texas (the "Security Deposit Escrow");

1.8. Any other personal property used in the operations of the Improvements [but specifically not including any vehicles, cash or marketable securities or funded reserve accounts of Seller, or any tax, maintenance or improvement or other escrow of Seller other than the Security Deposit Escrow] (the "Personal Property"); and

1.9. Any other properties, rights, titles and interests, if any, specified in any Section or by any Article of this Agreement as being part of the Property.

2. Effective Date. The Effective Date of this Agreement will be the date on which a fully executed copy of this Agreement is delivered to the Title Company.

3. Title Company. The Title Company shall be CHICAGO TITLE INSURANCE COMPANY, 9311 San Pedro Avenue, Suite 111, San Antonio, Texas 78216, Attention: Mr. Michael Guerra, in association with and assisted by Marathon Title Company.

4. Earnest Money.

4.1. Within three (3) business days after the Effective Date, the Buyer will pay directly to Seller, in cash by wire transfer of immediately available good funds, the amount of ONE HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000.00), as Earnest Money hereunder, which shall be non-refundable and shall be deemed fully earned by Seller when received by Seller, except as otherwise set forth herein (the "Initial Earnest Money Payment").

4.2. Prior to the expiration of Buyer's Examination Period (as provided in Section 12, below), if Buyer fails to terminate this Agreement as therein provided, Buyer will cause to be deposited with the Title Company, in cash by wire transfer in immediately good funds, the amount of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

($250,000.00), to secure Buyer's performance pursuant to the terms and conditions of this Agreement (the "Earnest Money Deposit"). The Initial Earnest Money Payment and the Earnest Money Deposit will be held in interest bearing accounts at The Frost National Bank in San Antonio, Texas, and the interest earned thereon will accrue to the benefit of Buyer, and will be added to the Initial Earnest Money Payment and the Earnest Money Deposit as earned. The Earnest Money Deposit will be disbursed in accordance with the applicable provisions of this Agreement.

5. Purchase Price.

5.1. The Purchase Price shall be THIRTY-FOUR MILLION AND NO/100 DOLLARS ($34,000,000.00).

5.2. The Purchase Price shall be paid to Seller all cash at Closing, by wire transfer of immediately available good funds.

5.3. At the Closing, the amount of the Initial Earnest Money Payment will be credited to the Purchase Price and the Earnest Money Deposit will be applied to the Purchase Price.

6. Survey.

6.1. Within five (5) business days after the Effective Date hereof, Seller, at its expense, will deliver to Buyer a current ALTA/ASCM survey of the Property (dated within six (6) months of the Effective Date), in such form and content as to permit the deletion of the "survey exception" for all matters other than the area of the land from the Owner's Title Policy (herein the "Survey").

6.2. The Survey shall be a new or recertified "as-built" survey, and will be prepared and certified by Vickrey & Associates, Inc. (herein the "Civil Engineer"), who is registered in the State of Texas.

6.3. The cost of the deletion of the "survey exception" from the Owner's Title Policy (that is, other than the cost of the Survey itself), if requested by Buyer, shall be at Buyer's expense.

6.4. The Survey shall indicate: (a) a legend specifying the dates of any and all revisions to the Survey, and the designations as necessary to include all easements, and other like encumbrances of record, that will be exceptions to title; (b) a sketch or map of the general vicinity of the Property; (c) field notes; (d) a note explaining the basis of the bearings used; (e) the "true point of beginning"; (f) (1) the size, location and type of all buildings, and other visible structures, other improvements and items on the subject Property; (2) the distance from each such structure to the Property line, and (3) the location and dimensions of all alleys, streets, roads, rights-of-way, easements, curb cuts, driveways, walkways, and other points of ingress and egress, and other matters of record affecting the subject Property

according to the legal description and such easements and other matters (with instrument book and page number indicated); (g) the total number of parking spaces and number of handicap parking spaces on the Property; (h) all visible manholes, catch basins, valve vaults or other surface indications of substructures, pipelines, including abandoned lines, roadways, footpaths, and other features that may indicate usage by parties; (i) all wires and cables and all wire bearing or guy poles on or within ten (10) feet of the Property; (j) any setback lines of record; (k) visible intrusions or encroachments on to the Property by building, structures, or other improvements on adjoining premises; (l) visible intrusions or encroachments on any easement, building setback line or other restricted area of record by any buildings, structures or other improvements on the subject Property; (m) the distance from the nearest intersecting street or road; (n) the location and dimensions of, and the recording information for, all easements and rights-of-way of record; (o) access to all dedicated public streets or roads; (p) any portion of the Property which is located within a Special Flood Hazard Area, Zone A, as defined by the Flood Insurance Rate Map of the City of San Antonio, Bexar County, Texas, on Community Panel No. 480045 0020 C, Revised: August 2, 1990, and Flood Insurance Rate Map for Bexar County, Texas, on Community Panel No. 480035 0350 B, Effective Date: October 16, 1984, as prepared by the Federal Emergency Management Agency; (q) the Survey shall be made on the ground as per the field notes shown thereon and correctly show the boundary lines and dimensions and area of the land indicated thereon and each individual parcel thereof indicated thereon; (r) the right-of-way with, center line and name of all streets abutting the Property and whether each street is a public or private way; and (s) monuments placed at all major corners of the boundary of the Property, unless already marked.

6.5. The Survey shall contain a certificate specifically addressed to both Buyer and the Title Company and, if requested by Buyer, any lender of Buyer in conjunction with the sale contemplated herein, verifying (a) this survey was made on the ground as per the field notes shown hereon and correctly shows the boundary lines and dimensions and area of the land indicated hereon and each individual parcel thereof indicated hereon; (b) all monuments shown hereon actually exist, and the location, size and type of such monuments are correctly shown; (c) this survey correctly shows the size, location and type of all buildings, and other visible structures, other improvements and items on the subject Property; (d) this survey correctly shows the location and dimensions of all alleys, streets, roads, rights-of-way,

easements, building setback lines and other matters of record referenced in Commitment No. 44-905-80-974526, with an effective date of October 31, 1997, of the Title Company or of which the Civil Engineer has been advised or has current actual knowledge, affecting the subject Property according to the legal description and such easements and other matters (with instrument book and page number indicated); (e) except as shown, there are no (1) visible improvements, visible easements, rights-of-way, party walls, drainage ditches, streams, uses, discrepancies or conflicts, (2) visible intrusions or encroachments from the subject Property onto adjoining premises, streets, or alleys by any of said buildings, structures, or other improvements, (3) visible intrusions or encroachments onto the subject

Property by building, structures, or other improvements on adjoining premises, or (4) visible intrusions or encroachments on any easement, building setback line or other restricted area of record by any buildings, structures or other improvements on the subject Property; (f) the distance from the nearest intersection street or road is as shown hereon; (g) the subject Property was observed to have access to a dedicated public street or road as shown hereon, accepted for maintenance by the entity to which such street or road was dedicated; (h) no portion of the subject Property is located within a Special Flood Hazard Area, Zone A, 100 Year Flood Plain, as defined by the Flood Insurance Rate Map for the City of San Antonio, Bexar County, Texas, on Community Panel No. 480045 0020 C, Revised; August 2, 1990, and Flood Insurance Rate Map for Bexar County, Texas on Community Panel No. 480035 0350 B, Effective Date: October 16, 1984, as prepared by the Federal Emergency Management Agency; (i) except as shown, all utilities serving the Property enter through adjoining public streets and/or easements of record; (j) the acreage of the Real Property; (k) the total number or parking spaces and the number of handicap parking spaces in the Property; and (l) that the Improvements are in compliance with applicable FAA height restrictions

7. Title Commitment. Within five (5) business days after the Effective Date hereof, Seller, at Seller's sole cost and expense, will cause the Title Company to provide to Buyer a commitment for Title Insurance (the "Commitment"). The Commitment will have attached legible copies of any and all documents reflected therein affecting the Property (the "Title Documents"). The Commitment shall guarantee to furnish Buyer at the Closing a fully paid TLTA Owner's Title Insurance Policy covering the Property in the aggregate face amount of the total Purchase Price, with no exceptions other than the Permitted Exceptions (as defined below), (the "Title Policy"). The Title Policy shall be at Seller's expense; but any additional premium for deletion of the "survey exception", if requested by Buyer, shall be at Buyer's expense.

8.

Title and Survey Objections.

8.1. Buyer shall have until 5:00 p.m. CST on the tenth (10th) business day after delivery to Buyer of the Survey and Commitment, within which to approve or disapprove all items, including the information reflected therein, in the Commitment and the Survey (any such objections being the "Title and Survey Objections"), such approvals or disapprovals to be within Buyer's sole discretion (the "Title and Survey Objection Period"). If Buyer fails to disapprove any such item by specific written notice to Seller and the Title Company within the Title and Survey Objection Period, Buyer shall be deemed to have approved such item. Buyer is deemed to object to all matters listed on Schedule C of the Commitment.

8.2. If and to the extent that the Commitment is updated for any reason, then notwithstanding anything to the contrary contained in this Section 8 (but subject to Section 8.5 with respect to any change after expiration of Buyer's Examination Period), Buyer shall have three (3) business days from its receipt of any update or continuation of the Commitment and/or Survey to notify Seller of any objections to any items not previously reflected in the Commitment or Survey, as the case may be, and such item shall not be deemed to be a Permitted Exception unless Buyer shall fail to disapprove of any such matter by written notice to Seller and the Title Company within such three (3) business day period.

8.3. Subject to Section 8.5 with respect to any change after expiration of Buyer's Examination Period, any exceptions in the Commitment which are not objected to by Buyer by the expiration of the Buyer's Examination Period, or with respect to any updated Commitment, within three (3) business days after Buyer's receipt of same, will be deemed to be approved by Buyer and shall constitute the "Permitted Exceptions".

8.4. If Buyer provides Title and Survey Objections, Seller will use its good faith and best efforts to expeditiously cure such Title and

Survey Objections by the Closing Date; provided, however, Seller shall be obligated (a) to cause to be released, on or before the date of Closing, any monetary liens or security interests created by, under or through Seller (including without limitation, the mortgage payable to The Frost National Bank), and ad valorem taxes due on the Property, and (b) to cause to be released, on or before the date of Closing, liens and security interests created by, under or through third parties, but in no event will Seller be obligated to expend or incur any expense or liability for such cure for liens or security interests created by, through or under third parties in excess of a maximum outlay in costs and expenditures of One Hundred Thousand and no/100 Dollars ($100,000.00). If Seller is otherwise unable to cure any one or more of such Title and Survey Objections, such failure shall not be an event of default by Seller, but in such event Seller shall notify Buyer in writing of such Title and Survey Objections (the "First Election Notice"), and request that Buyer waive Buyer's right to terminate this Agreement due to such objection(s). Buyer shall thereafter have five (5) business days after receipt of the First Election Notice within which to waive its termination right or to terminate this Agreement.

In the event Buyer fails to respond within such five (5) business day period, Seller shall deliver a second notice (the "Second Election Notice") specifying the Title and Survey Objection and stating that Buyer failed to respond to the First Election Notice, and, Buyer will be deemed to have waived and accepted the uncured and unsatisfied Title and Survey Objections, which shall then become Permitted Exceptions (hereinabove defined). If Buyer terminates this Agreement under this Section 8, the Initial Earnest Money Payment, less One Hundred Dollars ($100.00) to be retained by Seller as consideration for this Agreement, and the Earnest Money Deposit will be refunded to Buyer and the parties shall have no further obligations under this Agreement except as to obligations which specifically are provided in this Agreement to survive termination of this Agreement.

8.5. If and to the extent that there is any change in the Commitment or Survey after expiration of Buyer's Examination Period, then in such event only, Buyer will have until Closing to notify Seller of any objections to any items not previously reflected in the Commitment or Survey, as the case may be (the Supplemental Title and Survey Objections"), and such item shall not be deemed to be a Permitted Exception and Seller shall be obligated to cure such Supplemental Title and Survey Objections or item in accordance with Section 8.4, above. If Seller fails to cure or satisfy such Supplemental Title and Survey Objections prior to Closing (other than as required by Seller in Section 8.4, above), Buyer shall be entitled only to either (a) waive such objections, in which event Buyer shall be deemed to have accepted such uncured and unsatisfied objections (which shall become Permitted Exceptions), or (b) terminate this Agreement by written notice accordingly from Buyer to Seller at or prior to the Closing Date, in which case the Initial Earnest Money Payment, less One Hundred Dollars ($100.00) to be retained by Seller as consideration for this Agreement, and the Earnest Money Deposit will be refunded to Buyer and the parties shall have no further obligations under this Agreement except as to obligations which specifically are provided in this Agreement to survive termination of this Agreement.

9. Inspection Items. Seller, at its sole cost and expense, shall from and after the Effective Date hereof deliver to Buyer, or otherwise make available to Buyer, for its inspection and copying at Suite 303, 200 Concord Plaza, in San Antonio, Texas, at Buyer's expense, the following (the "Inspection Items"), to the extent the same are in the possession of Seller, and Seller makes no representations or warranties, written or oral, express or implied, with respect to any Inspection Items, including, but not limited to, the accuracy, adequacy or completeness of any such items, except as specifically set out in Section 13, below:

9.1. Copies of all of the Project Plans (as defined in Section 1.4, above);

9.2. Copies of all Project Studies (as defined in Section 1.4, above);

9.3. Copies of all certificates of occupancy for the Property;

9.4. Copies of all certificates and/or other evidence of insurance insuring the Improvements, and

furniture, fixtures and equipment therein, and Seller's operations on the Property, and any written notice received by Seller as to any insurance currently in force with respect to the Property, or any part thereof, which notice indicates that such coverage is not or, with the passage of time, may not be in full force and effect in any material manner or amount (but not to include any insurance of any Tenant insuring such Tenant's leasehold improvements unless a copy of such insurance policy is in possession of Seller; or if such insurance is otherwise available to Seller under any applicable lease, then upon

written request by Buyer to Seller, Seller will request the same from any such tenant);

9.5. A current rent roll for the Property (the "Project Rent Roll"), current as of September 30, 1997 (and updated as of October 31, 1997, as soon as such information is available to Seller), which shall contain the following information; provided, however, during Buyer's Examination Period, Seller by written notice to Buyer may modify and/or supplement the information provided in the Project Rent Roll or attached thereto. Seller does hereby specifically certify, as being true and correct in all material manner and amount, taken as a whole, the following information provided in the Project Rent Roll: (1) Name of Tenant; (2) Suite number; (3) Current Monthly Rent Rate; (4) Base Year Operating Expense Provision; (5) Net Rentable Square Feet per the Lease Agreement; (6) Commencement Date of Current Term of Lease Agreement; (7) Expiration Date of Current Term of Lease Agreement; (8) the existence of any option to extend in any Lease Agreement; (9) the existence of any option to expand under any Lease Agreement; and (10) options to terminate prior to expiration of the current term under any Lease Agreement. Seller also certifies that, to the current actual knowledge of Seller, all other information provided in the Project Rent Roll is true and correct in all material manner and amount, taken as a whole, but for such purposes only, all information contained in any Lease, a copy of which is provided as an exhibit to the Project Rent Roll, shall be deemed incorporated by reference into the Project Rent Roll, and to the extent any such terms are inconsistent, the terms of the Leases will control.

9.5.1. Tenant:

9.5.1.1. Name of Tenant; and

9.5.1.2. Whether such party is a party related to Seller; and

9.5.1.3. Whether such Tenant is indebted to Seller or to the current actual knowledge of Seller, indebted to any Affiliate of Seller (as that term is defined in Section 34, below); and

9.5.1.4. Identity of any individual or entity other than Tenant who occupies any of the leased premises by sublease, license, or otherwise.

9.5.2. Suite number;

9.5.3. Net Rentable Square Feet per the Lease Agreement;

9.5.4. Date of Lease Agreement:

9.5.4.1. The date of the Original Lease Agreement; and

9.5.4.2. The date of any amendments, or side letter or other agreement amending any terms and provisions of any such Lease Agreement;

9.5.5. Commencement Date of Current Term;

9.5.6. Current Term;

9.5.7. Expiration Date of Current Term;

9.5.8. Renewal Rights;

9.5.9. Purchase Options;

9.5.10. Rights of First Refusal;

9.5.11. Rights of Expansion;

9.5.12. Cancellation Option;

9.5.13. Current Monthly Rent (exclusive of any adjustments for Basic Costs);

9.5.14. Base Year operating expense provision;

9.5.15. Security Deposit:

9.5.15.1. Amount; and

9.5.15.2. Amount thereof, if any, applied by Seller to obligations of Tenant;

9.5.16. Past due rent more than 30 days past due;

9.5.17. Prepaid Rent;

9.5.18. Rent Reduction;

9.5.19. Rent Abatement;

9.5.20. Unfunded obligation for Leasehold Improvements;

9.5.21. Unfunded obligation for leasing commission; and

9.5.22. Separate Lease Guaranty (hereinafter defined);

9.5.23. Any specific written objection from Tenant to Seller of any tax, operating cost or other escalation payments or occupancy charges, or any other amounts payable under its Lease;

9.5.24. Entitlement to electricity or other utilities, either without charge or on a rent-inclusion basis (that is, other than on a basis generally available to all tenants in the Property);

9.5.25. Rights to membership in any facilities in the Property, including without limitation, the Concord Athletic Club; and

9.5.26. Parking obligations and/or commitments to Tenant or any other party.

9.6. Copies of all current lease agreements, including amendments thereto, or subleases or assignments thereof, pertaining to any of the Property, which shall accompany the Project Rent Roll (herein the "Leases").

9.7. All current files pertaining to leasing the Property, located in the possession and control of Seller (herein the "Tenant Files").

9.8. Copies of all real and personal property tax bills for the current and past three years pertaining to the Property.

9.9. Copies of any and all licenses, permits, governmental or quasi-governmental approvals, including all building permits and certificates of occupancy, in Seller's files.

9.10. Copies of any construction warranties and guarantees still in effect, if any, and all warranties and guarantees pertaining to building systems, building components and/or personal property, in Seller's files.

9.11. All service, maintenance, employment and management contracts, and leasing commission agreements pertaining to the Property.

9.12. Copies of all documents related to any pending or threatened litigation affecting the Property or Seller.

9.13. Copies of all notices from and responses to any governmental or quasi-governmental authority relating to (i) any pending or threatened condemnation of the Property or any part thereof, (ii) any release, threatened release, storage, disposal or use of Hazardous Substances (as hereinafter defined) at or around the Property, or (iii) any written notice from any

governmental authority notifying Seller of a specific violation in the Property of the Federal Americans with Disabilities Act, the Texas Architectural Barriers Act, or any other material violations of any zoning or building codes of the City of San Antonio or Bexar County .

9.14. All current files in the possession of Seller pertaining to the maintenance and operation of the Property from January 1, 1993 to the Effective Date hereof.

9.15. Copies of Seller's unaudited and internally prepared year end financial statements for the Property for 1995 and 1996, and interim financial statements for the nine (9) months ending September 30,1997.

10. Property Inspection.

10.1. During the Buyer's Examination Period, as defined below, but subject to the rights of Tenants under the Leases, Buyer and its agents shall have the right, at reasonable times and upon notice to Seller as required in this Section 10.1, during normal business hours (and while strictly adhering to the confidentiality and nondisclosure provisions herein), to enter upon the Property and to conduct soil, environmental, structural, mechanical and/or other studies or tests or reviews, which Buyer deems advisable, at the expense of Buyer (the "Property Inspection"). Buyer (i) shall not permit the Property Inspection to be conducted in any manner that creates any materially unsafe or hazardous condition on the Property, and (ii) shall not

permit the Property Inspection to be conducted in any manner that unreasonably disturbs, interrupts, or interferes with any persons, including, without limitation, Tenants or other occupants of the Property, or their employees, customers or invitees. Buyer shall give Seller written notice not less than two (2) business days prior to conducting any test or inspection that physically affects the Property, such as soil borings or internal examination of equipment or components of improvements, if any. Buyer shall timely pay all fees charged by Buyer's experts and shall not permit any claims to be made against Seller or permit any liens to be created against the Property by Buyer's experts. The entry upon the Property by Buyer, Buyer's personnel and Buyer's experts shall be at their respective risks; provided, however, nothing herein shall be deemed to release Seller from any liability for its own negligence or willful misconduct. Buyer shall have the right, upon not less than two (2) business days prior written notice from Buyer to Seller specifically identifying the party to be contacted and the information to be obtained, to contact third parties regarding the Property, including without limitation, tenants, contractors, property managers, parties to Contracts, and municipal, local or other governmental officials and representatives.

10.2. Buyer shall not perform any test or inspection which will permanently alter or damage the Property, and at the end of the Buyer's Examination Period, Buyer shall at Buyer's sole cost and expense restore and replace any part of the Property altered or damaged as a result of the Property Inspection, to substantially the condition of the Property prior to such studies. Any destructive or invasive testing of the Property by Buyer or its

agents will be subject to the prior written approval of Seller, and Seller will not unreasonably withhold or delay its consent to any such testing if there is a reasonable basis to believe that such testing may disclose a violation or possible violation of an applicable Environmental Law (as hereinafter defined). If Seller withholds its consent for any reason, Buyer may terminate this Agreement and in such event receive a refund of the Initial Earnest Money Payment less $100.00 as independent consideration to Seller, and the Earnest Money Deposit and neither Seller nor Buyer will have any further liability to or responsibility to the other hereunder other than as provided in this Agreement to specifically survive termination of this Agreement.

10.3. During Buyer's Examination Period, Buyer will review all of the Contracts provided by Seller to Buyer, and Buyer will determine to its satisfaction whether and with what prior notice each such Contract is terminable. Buyer will be responsible at Closing to provide any notice of termination, and will otherwise be responsible to assume all Contracts from and after Closing until terminated (1) which are terminable upon thirty (30) days or less written notice or (2) with The City Public Service Board of San Antonio or (3) with BFI. Buyer's obligation to close this transaction is subject to the condition that, as of the Closing, the Contracts to be assigned to Buyer shall be in full force and effect, unmodified, and free from any default in any material manner or amount. Buyer will not be obligated to assume any Contract if Buyer did not receive a copy of that Contract during the Buyer's Examination Period. In any event: (1) any property management and leasing agreement must be terminated at Closing; and (2) Buyer will not assume any of the agreements pertaining the Athletic Club Renovations provided for in Section 21.8, below, and Seller shall retain and perform those agreements. Seller will be responsible for, and does indemnify Buyer against, any Contract which is not terminable in 30 days or less, other than contracts with The City Public Service Board of San Antonio and BFI. The provisions of this Section 10.3 shall survive the Closing.

10.4. SELLER SHALL NOT BE LIABLE TO BUYER, OR ANY OF BUYER'S PERSONNEL, AGENTS OR EXPERTS FOR, AND BUYER AGREES TO RELEASE, INDEMNIFY, DEFEND AND HOLD SELLER (AND ITS OFFICERS AND JOINT VENTURE PARTNERS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS AND SHAREHOLDERS) HARMLESS FROM AND AGAINST ANY CLAIMS BY ANY PERSON FOR INJURY, DAMAGES OR LOSS TO PERSONAL PROPERTY RESULTING FROM, INCIDENT TO, OR ARISING OUT OF THE CONDUCT OF THE PROPERTY INSPECTION OR THE ENTRY UPON THE PROPERTY BY BUYER, BUYER'S PERSONNEL, AGENTS OR EXPERTS, AND FROM ALL OUT-OF-POCKET COSTS INCURRED BY SELLER TO DEFEND AGAINST ANY SUCH CLAIMS, INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEY'S FEES; PROVIDED HOWEVER, THIS INDEMNITY SHALL NOT APPLY IF AND TO THE EXTENT THAT SELLER'S NEGLIGENCE OR WILLFUL MISCONDUCT IS A CAUSE THEREOF.

10.5. BUYER IS ENCOURAGED TO CONDUCT AN INDEPENDENT INVESTIGATION AND INSPECTION OF THE PROPERTY, UTILIZING SUCH EXPERTS AS BUYER DEEMS TO BE NECESSARY FOR AN INDEPENDENT ASSESSMENT OF THE STRUCTURAL AND OPERATIONAL INTEGRITY OF THE IMPROVEMENTS AND EQUIPMENT USED IN THE OPERATION OF THE PROPERTY, AND COMPLIANCE OF THE PROPERTY (INCLUDING SPECIFICALLY THE IMPROVEMENTS) WITH APPLICABLE LAWS, INCLUDING THE FEDERAL AMERICANS WITH DISABILITIES ACT, THE TEXAS ARCHITECTURAL BARRIERS ACT, AND/OR APPLICABLE ENVIRONMENTAL LAWS (AS HEREINAFTER

DEFINED).

10.6. For purposes of this Agreement, the term "Property Information" means: the results and products of the Property Inspection, including, without limitation all civil engineering, soil, environmental, operational and feasibility inspections, tests and reports thereof of the Property and all other information regarding the Property obtained by Buyer, including but not limited to the Inspection Items, which shall be deemed to be proprietary information belonging to Seller and shall be confidential unless and until Buyer acquires the Property hereunder, even if such information is obtained at Buyer's expense. Prior to Closing, or if Closing shall not occur, then for twenty-four (24) months after the Effective Date, Buyer shall not disclose, without the prior written consent of the Seller, in its sole discretion, any of the Property Information to any person other than (i) Buyer's personnel, (ii) Buyer's experts, attorneys, accountants, consultants, lenders and equity investors (who in each case shall also be advised of this confidentiality covenant), (iii) any governmental agency to which Buyer has an obligation to disclose such Property Information, and if any governmental agency requires or requests disclosure of such Property Information, then only if Buyer provides to Seller written notice prior to such disclosure, (iv) other persons who Buyer reasonably believes needs to know such information for one or more of the purposes stated in the Agreement, and who, in each case, shall be informed by Buyer about the confidential nature of the Property Information, (v) by valid court order with prior written notice to Seller of any such disclosure, or (vi) as may be required by law or any stock exchange. In the event this Agreement does not close for any reason, then, on or before twenty (20) days after the termination of this Agreement, Buyer shall destroy and provide a specific written representation to Seller of such destruction, or deliver to Seller, all copies of any part of the Property Information specifically provided to Buyer in writing by Seller or its agents and Inspection Items in the possession of or under the control of any of Buyer's personnel or Buyer's experts, and all reports and results of all tests, inspections and studies, and all civil engineering plans prepared by or at the instance of Buyer in connection with this Agreement or relating to the Property, to the extent that they are in the possession of Buyer or its agents.

10.7. Prior to the Effective Date hereof, Buyer's agent executed a Concord Plaza Confidentiality Agreement. The terms of such agreement are incorporated herein by

reference into this Section 10, and to the extent that the terms of this Section 10 conflict with the terms of such agreement, the terms of this Section 10 shall control.

10.8. The obligations under this Section 10 shall survive termination of this Agreement.

11. Tenant Estoppel Certificates.

11.1. Promptly after the Effective Date, Seller shall request, in writing, from each Tenant, and each any guarantor under any Lease Guaranty, an Estoppel Certificate in a form reasonably requested by Buyer, which shall be addressed to Buyer and shall be currently dated (collectively the "Estoppel Certificates").

11.2. The current standard form of Lease provides the following with respect to the obligation of a Tenant to, upon request, provide an Estoppel Certificate:

> "Tenant will, at any time and from time to time, within ten (10) business days of its receipt of written request by Landlord, at no cost or expense to Landlord, execute, acknowledge, and deliver to Landlord an Estoppel Certificate in such form as may be reasonably required by Landlord, such Certificate to be executed by Tenant certifying: (i) that this Lease is unmodified and in full effect if such is the case (or, if there have been modifications, that this Lease is in full effect as modified, and setting forth such modification), (ii) the Commencement Date of the Lease, (iii) the Expiration Date of the Lease, (iv) the dates to which the Rent has been paid, and (v) either stating that to the knowledge of Tenant no default exists hereunder or specifying each such default of which Tenant may have knowledge and such other matters as may be reasonably requested by Landlord; it being intended that any such statement by Tenant may be relied upon by any prospective purchaser or current or prospective mortgagee of the Project (or the portion thereof which includes the Premises)."

11.3. To the current actual knowledge of Seller, the Estoppel provision set out in Section 11.2, above, is contained in all Leases without

material modifications.

11.4. During Buyer's Examination Period (defined below), Seller will use its best efforts to secure from each Tenant a Tenant Estoppel Certificate in form reasonably requested by Buyer; provided, however, if and to the extent that the "Required Estoppels" (as hereinafter defined) are not provided to Buyer by Closing, then Buyer shall be entitled only to either (a) waive such requirement for the Required Estoppels and proceed to Close, or (b) terminate this Agreement by written notice accordingly from Buyer to Seller at or prior to the Closing Date, in which case the Initial Earnest Money Payment, less One Hundred Dollars ($100.00) to be retained by Seller as consideration for this Agreement, and the Earnest Money Deposit will be refunded to Buyer and the parties shall have no further obligations under this Agreement except as to obligations which specifically are provided

in this Agreement to survive termination of this Agreement.

11.4.1. For purposes of this Section 11.4, "Required Estoppels" shall mean the delivery to Buyer of Estoppel Certificates which do not disclose any facts objectionable to Buyer in its reasonable opinion, which Certificates shall be in form reasonably required by Buyer, from:

11.4.1.1. Major Tenants (as defined below); plus

11.4.1.2. Tenants, including Major Tenants, under Leases which, collectively, apply to at least eighty percent (80%) of the net rentable area in the Property.

11.4.2. For purposes of this Section 11.4, "Major Tenants" are:

11.4.2.1. PaineWebber Incorporated;

11.4.2.2. Merrill Lynch, Pierce, Fenner and Smith, Inc.;

11.4.2.3. Davis, Adami & Cedillo, Inc.;

11.4.2.4. Colorado Sports Club Venture, LLC;

11.4.2.5. Intercontinental National Bank;

11.4.2.6. Intercontinental Premises Holding Corporation;

11.4.2.7. Hearst-Argyle Television, Inc.;

11.4.2.8. Baptist Memorial Health Care System;

11.4.2.9. Harte-Hanks Communications, Inc.;

11.4.2.10. Clear Channel Communications, Inc.; and

11.4.2.11. R. David, Inc. (Ruth's Chris Steak House).

12. Buyer's Examination Period.

12.1. Notwithstanding anything herein to the contrary, Buyer shall have until 5:00 p.m. CDT on Tuesday, December 2, 1997 (the "Buyer's Examination Period") in which to review the Commitment, Title Documents, Inspection Items, the general condition of the Property, and any other matters Buyer deems appropriate, and in which to determine, in the Buyer's sole and absolute discretion, if the Buyer shall elect to purchase the Property pursuant to this Agreement.

12.2. If Buyer notifies Seller and the Title Company in writing, prior to the expiration of the Buyer's Examination Period, that Buyer elects to terminate this Agreement for any reason whatsoever, then the Title Company shall, without the necessity of securing Seller's consent, immediately return to Buyer the Earnest Money Deposit, but there will be no obligations to return the Initial Earnest Money Payments or the interest earned thereon (except as otherwise specifically provided for herein), and neither party hereto shall have any further liability to the other hereunder except as otherwise provided in this Agreement to specifically survive termination of this Agreement. If Buyer fails to so advise Seller and the Title Company within the Buyer's Examination Period that Buyer elects to terminate this Agreement, it is conclusively presumed that Buyer elects to purchase the Property pursuant to this Agreement, and the Earnest Money Deposit will become non-refundable to Buyer except as otherwise specifically provided in this Agreement.

13. Seller's Representations and Warranties. THE PROPERTY IS TO BE CONVEYED TO BUYER "AS IS" IN ALL RESPECTS, WITHOUT ANY REPRESENTATIONS OR WARRANTIES BY SELLER, WRITTEN OR ORAL, EXPRESS OR IMPLIED, PERTAINING TO THE CONDITION,

OPERATION, USE OF THE PROPERTY, OR OTHERWISE, EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES PROVIDED IN THIS SECTION 13 AND EXCEPT FOR THE SPECIFIC WARRANTIES OF TITLE AS ARE OTHERWISE PROVIDED IN THIS AGREEMENT, WHICH REPRESENTATIONS AND WARRANTIES ARE PROVIDED AS OF THE EFFECTIVE DATE HEREOF AND WHICH REPRESENTATIONS AND WARRANTIES WILL BE DEEMED REPEATED ON AND AS OF THE CLOSING DATE:

13.1. Organization. Seller is a joint venture duly created and validly existing pursuant to and in good standing under the laws of the State of Texas, and each venture partner of Seller is an entity duly organized and validly existing pursuant to and in good standing under the laws of the State of Texas or the State of Delaware.

13.2. Authority. Seller has full power and authority to sell and convey the Property and to enter into and perform (a) this Agreement and (b) all documents and instruments to be executed by Seller pursuant to this Agreement (collectively, "Seller's Ancillary Documents"). Prior to Closing, Seller shall have taken all partnership and corporate actions required for the consummation of the transactions contemplated by this Agreement. This Agreement has been, and Seller's Ancillary Documents will be, duly authorized, executed and delivered by a duly authorized representative of Seller. This Agreement constitutes, and the Seller's Ancillary Documents upon delivery will constitute, valid and legally binding obligations of Seller, enforceable against Seller in accordance with their terms (except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies). The person signing and delivering this Agreement on behalf of Seller has been duly authorized to do so. Neither the execution and

delivery of this Agreement and Seller's Ancillary Documents by Seller, nor the consummation by Seller of the transaction herein and therein contemplated, will conflict with or result in a breach of any of the terms, conditions or provisions of Seller's Joint Venture Agreement or, to the current actual knowledge of Seller, of any statute or administrative regulation, or of any order, writ, injunction, judgment or decree of any court or any governmental authority or of any arbitration award. Seller owns legal and beneficial fee simple title to the Property, which is to the current actual knowledge free and clear of all liens and encumbrances except the Permitted Exceptions.

13.3. Required Consents. No consent, authorization, order or approval of, or filing or registration with, any governmental authority or other person is required for the execution and delivery by Seller of this Agreement and Seller's Ancillary Documents and the consummation by Seller of the transaction contemplated by this Agreement and Seller's Ancillary Documents.

13.4. Litigation. No litigation proceedings or actions are pending with respect to the Property or to which the Seller is a party (other than a suit by Seller against the prior tenant in the restaurant for eviction and attorneys fees which resulted in judgment [as yet uncollected] in favor of Seller), and to the current actual knowledge of Seller, no litigation claims, actions or proceeds are pending or threatened against the Property or against Seller.

13.5. Use. Seller's current use of the Property is in accordance with applicable zoning regulations, and the current use and occupancy of the Property are in all material respects in accordance with applicable deed restrictions, and other covenants and restrictions affecting the Property.

13.6.

Condition of the Property.

13.6.1. To the current actual knowledge of Seller, there are no defects in the Improvements and/or furniture, fixtures and equipment used by Seller in the operation of the Property, which taken as a whole would have a material adverse effect on the operations or value of the Property (during Buyer's Examination Period, Seller will disclose to Buyer, in writing, certain matters pertaining to the Improvements and equipment which Seller does not consider material; but when disclosed Buyer should make its own determination as to whether it considers any such matter material, in which case Buyer's remedy will be to terminate this Agreement under Section 12.2, hereof); and

13.6.2. All water, storm, sanitary sewer, gas, electricity, telephone and other utilities serving the Property are supplied directly to the Property by facilities of public utilities through lands as to which public or private easements exist that will inure to the benefit of Buyer, and to the current actual knowledge of Seller are adequate to service the current normal operations of the

Improvements, and the cost of installation of such utilities has been fully paid.

13.7. Compliance with Applicable Laws. For purposes of this Agreement: (a) "Applicable Law" means all laws, rules, regulations (other than Environmental Laws, which are covered separately below) statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by, any Governmental Authority in effect as of the Effective Date hereof, and applicable judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including those pertaining to health, safety or the Environment (including, without limitation, wetlands) in effect as of the Effective Date hereof, and those pertaining to the construction, use or occupancy of the Property in effect as of the date hereof, and any restrictive covenant or deed restriction or easement of record as of the Effective Date hereof affecting the Property; and (b) "Governmental Authority" means any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi-Governmental Authority. To the current actual knowledge of Seller, the use and operation of the Property are not in violation in any material respect of any Applicable Laws; excepting only that Seller makes no representation or warranties with respect to the applicability of or compliance with the federal Americans with Disabilities Act or the Texas Architectural Barriers Act and it will be the responsibility of Buyer to satisfy itself with respect to the compliance of the Property with respect to such laws.

13.8. Inspection Items. (i) Copies of any Inspection Items provided to or made available to Buyer are true and correct copies of the originals of each such instrument, and (ii) copies of the real property tax bills for the Property that have been furnished by Seller to Buyer are true and correct copies of all such tax bills.

13.9. Leases.

13.9.1. The Project Rent Roll and the Leases and the Lease Guaranties, copies of which are attached thereto, when taken together, represent all of the written and oral obligations of Seller, and to the current actual knowledge of Seller, of any other party, with respect to any leasing of any premises in the Property, and there are no other agreements (written or oral) in the nature of space leases, licenses, permits, franchises, concession or occupancy agreements affecting the Property to which Seller is a party (or to the current actual knowledge of Seller, with respect to which Seller is not a party) affecting the Property in any material manner or amount, and the Leases and the Lease Guaranties are in full force and effect and binding in accordance with their terms (except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies).

13.9.2. Seller is not in default in any material manner or amount under any Lease, and no event has occurred that, with the giving of notice or passage of time or both would constitute a default in any material manner or amount, and to the current actual knowledge of Seller, no other party thereto is in default in any material manner or amount under any Lease or Lease Guarantee, and no event has occurred that, with the giving of notice or passage of time or both would constitute a default in any material manner or amount .

13.9.3. There are no pending claims asserted by Tenants or any guarantor under any Lease Guaranty for offsets against rent or any other claims (whether monetary or otherwise) made against Seller, as Landlord, under any Lease or Lease Guaranty.

13.9.4. There are no fees or commissions payable (or will, with the passage of time or occurrences of an event or both, be payable) to any person or entity in regard to the leases by Seller except as specifically set out in the Leases or Project Rent Roll or as may be disclosed to Buyer in writing during Buyer's Examination Period, and all such commissions due and payable to date have been paid.

13.9.5. True and correct copies of all Leases and Lease Guaranties have been delivered to Buyer as an exhibit to the Project Rent Roll, and there are no other agreements, amendments, guaranties, side letters or other documents, written or oral, which vary those documents in any manner or amount which, taken as a whole, would have a material adverse effect on the operation or value of the Property.

13.9.6. Seller has no obligation, whether under any Lease or otherwise, to contribute money or services to a tenants' association or merchants' association, or to provide advice thereto.

13.10. Tenant Files. To the current actual knowledge of Seller, the Tenant Files are all files of Seller pertaining to any current Lease.

13.11. Project Plans. Seller makes no representations or warranties as to the accuracy or adequacy or completeness of the Project Plans, excepting only that, to the current actual knowledge of Seller, the Improvements, as built, do not differ from the Project Plans in any material manner.

13.12. Project Studies. Seller makes no representations or warranties as to the accuracy or adequacy or completeness of any Project Studies.

13.13. Ad Valorem Taxes. The property is not now, and will not as a result of the conveyance of the Property from Seller to Buyer be, subject to an agriculture use or open space exemption or roll back for ad valorem taxes. There are no pending or, to the current actual knowledge of Seller threatened, actions, suits, proceedings or claims involving the Property. There are no challenges or appeals pending regarding the amount of the taxes on, or the assessed valuation of, the Property, and no arrangements or agreements exist with any governmental authority with respect thereto. There is no assessment for ad valorem taxes due (in addition to the normal annual general real estate tax assessment) which is pending or, to the current actual knowledge of Seller, threatened, with respect to any portion of the Property.

13.14. Non-Foreign Seller. Seller is not a foreign person as defined in Section 1445 of the Internal Revenue Code.

13.15. Condemnation. There are no condemnation proceedings pending or, to the current actual knowledge of Seller threatened, with respect to any portion of the Property.

13.16. Contracts. Each of the Contracts is in full force and effect in all material respects (except to the extent enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies); and Seller is not in default thereunder in any manner or amount which, taken as a whole, will have a material adverse effect on the operations or value of the Property, and to the current actual knowledge of Seller, no other party is in default in any manner or amount which, taken as a whole, will have a material adverse effect on the operation or value of the Property.

13.17. Employees. There are no employees of Seller, at the Property or otherwise, who by reason of Federal, state, county, municipal or other law, ordinance, order, requirement or regulation, or by reason of any union or other employment contract, written or otherwise, or any other reason whatsoever, would become employees of Buyer as a result of the purchase of the Property by Buyer. None of the employees of Seller located on the Property are covered by or employed under any union contract.

13.18. Project Rent Roll. The information contained in the Project Rent Roll, certified as provided in Section 9.5, above.

13.19. Permits. To the current actual knowledge of Seller:

13.19.1. All certificates of occupancy, licenses, certificates and permits issued by any governmental or quasi-governmental agency or authority or any board of fire underwriters or real estate board or similar organization or institution, which are material to the ownership and operations of the Property, have been secured by Seller; and

13.19.2. The current use and occupation of any portion of the Property does not violate any such certificates or permits or amendments thereto required for the current use and operation of the Property in any material manner; and

13.19.3. All such certificates and permits are in full force and effect.

13.20. Insurance. To the current actual knowledge of Seller, all insurance policies held by Seller relating to or affecting the Property are in full force and effect and will be in full force and effect to the Closing Date.

13.21. Liens. To the current actual knowledge of Seller, the only monetary encumbrance against the Property is a mortgage in favor of The Frost

National Bank, which will be paid off at Closing, and no services, material or work have been supplied to the Property for which payment has not been made in full. If, subsequent to the Closing Date, any mechanic's or other lien, charge or order for the payment of money shall be filed against the Property or any portion thereof or against Seller or Seller's assigns, based upon any act or omission, or alleged act or omission before or after the Closing Date, of Seller, its agents, servants or employees, or any contractor, subcontractor or materialmen connected with the construction of improvements at the Property, or repairs made to the Property under the direction or authorization of Seller (that is, not individual Tenants) (whether or not such lien, charge or order shall be valid or enforceable as such), within ten (10) days after notice to Seller of the filing thereof, Seller shall take such action,), by bonding, deposit, payment or otherwise, as will remove or satisfy such lien of record against the Property.

13.22. Environmental Matters.

13.22.1. For purposes of this Agreement, the following terms shall have the meanings set forth below:

13.22.1.1. "CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System database.

13.22.1.2. "Environment" means all air, surface water, watercourse, body of water, or any land thereunder, groundwater or land, including land surface or subsurface, and including all persons, fish, wildlife, biota and all other natural resources.

13.22.1.3. "Environmental Claims" means any and all litigation, administrative or judicial actions, suits, orders, claims, liens, notices, notices of violations, investigations, complaints, requests for information, proceedings, or other communication (written or oral), whether criminal or civil (collectively, "Claims"), including without limitation, administrative or judicial claims, pursuant to or relating to any applicable Environmental Law or Hazardous Materials by any entity or person (including but not limited to any Governmental Authority or citizens' group) based upon, alleging, asserting, or claiming any actual or potential (a) violation of or liability under any Environmental Law, (b) violation of any Environmental Permit, or (c) liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines, or penalties or loss of the use of property or diminution in value of property, arising out of, based on, resulting from, or related to the presence, or Release into the Environment, of any Hazardous Materials at the Property or at any off-site location to which Hazardous Materials or materials containing Hazardous Materials originating from the Property were sent for handling, storage, treatment or disposal.

13.22.1.4. "Environmental Cleanup Site" means any location which is listed or proposed for listing on the National Priorities List, on CERCLIS, or on any similar federal, state or local list of sites requiring investigation or cleanup, or which is the subject of any pending or threatened action, suit, proceeding, or investigation related to or arising from any alleged violation of any Environmental Law or the presence of a Hazardous Material.

13.22.1.5. "Environmental Condition" means the presence or Release of a Hazardous Material at, in, on, under, about, or emanating from or migrating to or from the Property which has or may result in or form the basis of an Environmental Claim.

13.22.1.6. "Environmental Law" means any and all federal, state, county, local, and foreign laws, statutes, ordinances, orders, codes, rules, regulations, policies, guidance documents, judgments, decrees, injunctions, or agreements with any Governmental Authority, in effect as of the Effective Date hereof and the Closing Date, as the case may be, relating to the protection of health and the Environment and/or governing the handling, use, generation, treatment, storage, transportation, disposal, manufacture, distribution, formulation, packaging, labeling, or any Release of Hazardous Materials, including but not limited to: the Clean Air Act, 42 U.S.C. ss.7401, et seq.; the Comprehensive Environmental Response,

Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. ss.9601 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. ss.1251 et seq.; the Hazardous Material Transportation Act, 49 U.S.C. ss.1801 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. ss.136 et seq.; the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, 42 U.S.C. ss.6901 et seq.; the Toxic Substances Control Act, 15 U.S.C. ss.2601 et seq., the Occupational Safety and Health Act of 1970, 29 U.S.C. ss.651 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. ss.2701 et seq.; and the state laws applicable thereto in effect as of the Effective Date hereof, and the Closing Date, as the case may be, together with all administrative regulations promulgated under any of the foregoing, in effect as of the Effective Date hereof, and the Closing Date, as the case may be; and any common law doctrine, including but not limited to, negligence, nuisance, trespass, personal injury, or property damage related to or arising out of the presence, Release, or exposure to a Hazardous Material, in effect as of the Effective Date hereof, and the Closing Date, as the case may be.

13.22.1.7. "Environmental Permit" means any federal, state, county, or local license, certificate, permit or authorization issued under or in connection with any Environmental Law.

13.22.1.8. "Hazardous Material" means petroleum and petroleum products and derivatives, petroleum by-products, radioactive materials, asbestos, gasoline, diesel fuel, radon, urea formaldehyde, lead-containing materials, polychlorinated biphenyls, and any other material, gas or substance known or suspected to be toxic or hazardous which could cause a detriment to, or impair the beneficial use of, the Property, or constitute a health, safety or environmental risk to any occupancy of the Property, and any other materials or substances defined as or included in the definition of "hazardous substances," "hazardous materials," "hazardous wastes," "contaminants" or "pollutants" under any applicable Environmental Law, but in no event to include any such materials used in the Property in not significant quantities in the ordinary course of business consistent with all Applicable Law in all material respects.

13.22.1.9. "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, treating, injecting, escaping, leaching, dumping or disposing of a Hazardous Material into the Environment on, at, into, onto or migrating from or into the Property, regardless of whether the result of any intentional or unintentional action or omission .

13.22.1.10. "Remediation Work" means the remediation (including without limitation, investigation and removal) work required to remediate the Hazardous Materials in compliance with Environmental Laws.

13.22.1.11. "Environmental Documents" shall mean all environmental documentation in the possession or under the control of Seller concerning the Property, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

13.22.1.12. "Governmental Authority" shall mean the federal, state, county or municipal government, or any department, agency, bureau or other similar type body obtaining authority therefrom, or created pursuant to any law.

13.22.1.13. "Notice" shall mean, any written communication of any nature, whether in the form of correspondence, memoranda, order, directive or otherwise.

13.22.2. Seller represents and warrants to Buyer, the following:

13.22.2.1. With respect to the Property, to the current actual knowledge of Seller, both Seller and the Property are in compliance with all applicable Environmental Laws and Environmental Permits, and no circumstances exist that would prevent or interfere with such compliance by Buyer following Closing, other than the necessity to install a water refiltering tank and related drainage improvements for the car wash, and the cost to complete the same will be borne by Seller and, to the extent that has not been completed by Closing, the cost to complete the same will be escrowed by Seller at Closing.

13.22.2.2. To the current actual knowledge of Seller, Seller has obtained all Environmental Permits required for the ownership, occupancy and use of the Property, if any.

13.22.2.3. With respect to the Property, there are no past, pending, or to the current actual knowledge of Seller threatened, Environmental Claims against Seller, or involving the Property, and Seller has no current actual knowledge of any facts or circumstances which could reasonably be expected to form the basis for any Environmental Claim against Seller involving the Property.

13.22.2.4. To the current actual knowledge of Seller, no Hazardous Materials are present, and no Releases of Hazardous Materials have occurred at, from, in, on, under or to the Property or any real property adjacent thereto by Seller or any affiliates or by any other person, other than the use of Hazardous Materials in

insignificant quantities in the operations of the Property or by any Tenant in its operations within the Property in compliance with Environmental Law.

13.22.2.5. To the current actual knowledge of Seller, neither the Property nor any real estate adjacent thereto is an Environmental Cleanup Site.

13.22.2.6. To the current actual knowledge of Seller, there are no liens arising under or pursuant to any Environmental Law on the Property and there are no facts, circumstances or conditions that could reasonably be expected to result in the imposition of such a lien.

13.22.2.7. There are no above-ground or, to the current actual knowledge of Seller, under-ground storage tanks at the Property or any real property adjacent thereto, other than a restaurant grease trap, the water re-filtering tank for the car wash to be installed, and other than a service station located across the intersection from the Property.

13.22.2.8. To the current actual knowledge of Seller, the Property has not been used as a transfer station, incinerator, resource recovery facility, landfill (although portions of the property may have been filled for development) or other similar facility for receiving or treating, storing or disposing of waste, garbage, refuse and other discarded materials resulting from, without limitation, industrial, commercial, agricultural, domestic and community activities, including without limitation, sanitary, hazardous, medical, special or other waste.

13.22.2.9. To the current actual knowledge of Seller, Seller has provided to Buyer copies of, or access for inspection of, all Environmental Documents relating to the physical condition of the Property, in its possession or under its control, and will in good faith use its best efforts to do so after the execution of this Agreement until Closing, promptly upon its receipt of the same.

13.23. Seller covenants to Buyer that, from the Effective Date hereof until Closing, Seller shall promptly upon becoming aware of or receiving Notice of any of the following conditions or occurrences, provide Buyer with written notice thereof, including the details surrounding the occurrence or condition and any action taken or proposed to be taken by Seller in connection therewith: (a) any actual, pending or threatened Environmental Claim against Seller, its general partners or any affiliates or any other person or entity with respect to the Property; (b) any Environmental Condition at the Property; (c) any violation of Environmental Laws; or (d) any Release of Hazardous Materials.

13.24. In the event that prior to Closing either Buyer or Seller discovers the presence of any Hazardous Materials, at, in, on, under, about,

emanating from or affecting the Property, other than use of Hazardous Materials used in insignificant quantities in the operations of

the Property or by any Tenant in its operations within the Property in compliance with Environmental Law, the discovering party shall give prompt written notice of such discovery, together with such additional relevant information as is within the possession of the discovering party, to the other party. If, prior to Closing, any such Hazardous Materials are discovered at, in, on, under, about, emanating from or affecting the Property or any violation of any Environmental Law is discovered with respect to the Property, provided Seller has not knowingly permitted or caused such Hazardous Materials at, in, on, under, about, emanating from or affecting the Property, Seller shall have no obligation to commence any Remediation Work, and Buyer's sole remedy shall be termination of this Agreement, and return of the Initial Earnest Money Payment, less One Hundred Dollars ($100.00) to be retained by Seller as consideration for this Agreement, and the Earnest Money Deposit and the parties shall have no further obligations under this Agreement other than as provided in this Agreement to specifically survive termination of this Agreement. If Seller has knowingly caused or permitted Hazardous Materials at, in, on, under, about, emanating from or affecting the Property or if Seller elects to perform Remediation Work pursuant to this Section, Seller shall, at its own expense, be responsible for the Remediation Work in a manner reasonably satisfactory to Buyer.

13.25. Independent Unit. Other than recorded easements, the Property is an independent unit which does not now rely on any facilities (other than facilities covered by easements appurtenant to the Property or facilities or municipalities or public utilities) located on any property that is not part of the Property to fulfill any municipal or other governmental requirement, or for the furnishing to the Property of any essential building systems or utilities (including drainage facilities, catch basins, and retention ponds). Other than record easements, no other building or other property that is not part of the Property relies upon any part of the Property to fulfill any municipal or other governmental requirement, or to provide any essential building systems or utilities.

13.26. ERISA. Seller is not and is not acting on behalf of an "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, a "plan" within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended, or an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. ss.2510.3-101 of any such employee benefit plan or plans.

13.27. At the Closing, Seller will again provide the representations set out in this Section 13, or Seller will indicate the extent to which any such representations are no longer true and correct

13.28. If because of circumstances which occur after the Effective Date, any representations provided in this Section 13 are in any material respect different than the representations set out in this Section 13, above, Seller will take such action, at a cost not to exceed One Hundred Thousand and no/100 Dollars ($100,000.00), as will be required to make such

representation true and correct.

13.29. If at the Closing the representations provided in this Section 13 are in any material respect different than the representations provided in this Section 13 because of change of circumstances, and if such change of circumstances are not a result of a knowing and material breach of any representation of Seller under this Section 13, then Buyer (as its only remedies) may either (a) waive any such change in circumstances and such representations and warranties of Seller shall be amended accordingly, or (b) elect to terminate this Agreement and receive the return of the Initial Earnest Money Payment, less One Hundred Dollars ($100.00) to be retained by Seller as consideration for this Agreement, and the Earnest Money Deposit and neither Seller nor Buyer will have any further liability or responsibility to the other hereunder (other than as provided in this Agreement to specifically survive termination of this Agreement).

13.30. If, at the Closing, any representation contained in this Section 13 is not accurate in any material respect for any reason other than changed circumstances which are not a result of a knowing and material breach of any representation of Seller (that is, other than as covered by Section 13.29, above), Buyer will have the following options only: (a) to waive such requirement and proceed with Closing in which case Seller will be liable to reimburse Buyer for up to One Hundred Thousand and no/100 Dollars ($100,000.00) (that is, including but not in addition to the $100,000 provided above in this Section 13.28) or (b) terminate this Agreement and receive the return of the Initial Earnest Money Payment and the Earnest Money Deposit, together with all

other sums, if any, paid on account of this Agreement by Buyer to unrelated third-parties, including, without limitation, all amounts paid or incurred by Buyer, whether before or after the date of this Agreement, in connection with its due diligence investigation of the Property, and neither Seller nor Buyer will have any further liability to or responsibility to the other hereunder other than as provided in this Agreement to specifically survive termination of this Agreement; but in no event will Seller be liable to Buyer for any other damages (actual, consequential, speculative, punitive, or otherwise).

13.31. If at or before expiration of Buyer's Examination Period, Buyer discovers any matter that would be a breach of a representation contained in this Section 13, but for the fact that the representation is limited to Seller's knowledge (excluding by reason of changed circumstances which is not a result of a knowing and material breach of any representation of Seller under this Section 13), then Buyer will have the following options only: (a) to waive such requirement and proceed with Closing or (b) terminate this Agreement and receive the return of the Initial Earnest Money Payment and the Earnest Money Deposit and neither Seller nor Buyer will have any further liability to or responsibility to the other hereunder other than as provided in this Agreement to specifically survive termination of this Agreement.

13.32. Seller does hereby agree to indemnify and hold Buyer harmless from any liability to

or claims by unrelated third-parties arising out of the existence of any Hazardous Substances on the Property prior to Closing; and Buyer does hereby agree to indemnify and hold Seller harmless from any liability to or claims by any unrelated third-parties arising out of the existence of any Hazardous Substances on the Property from and after Closing which did not exist on the Property prior to Closing.

13.33. For purposes of any claim made against Seller by Buyer after Closing for breach of Seller's representations and warranties, the representations and warranties of Seller in this Section 13 are qualified by any information with respect to which Buyer has current actual knowledge at the Closing.

13.34. Notwithstanding anything in this Agreement to the contrary, the representations and warranties under this Section 13 shall survive Closing, but not beyond 12:00 p.m. (noon) CST on the 31st day of December, 1998 (the "Claim Period"), and any such claim shall be asserted by specific written notice from Buyer to Seller, setting out the specific nature of such claim, which notice must be delivered to Seller prior to the expiration of the Claim Period. Any claim for any breach of any representation or warranty under this Section 13 shall be limited to a claim for actual out-of-pocket damages incurred by Buyer, and not for punitive, speculative, consequential or other damages.

14. Buyer's Representations. Buyer represents and warrants to Seller that:

14.1. Organization and Existence. Buyer is a corporation, duly organized, validly existing and in good standing under the laws of state of its formation and prior to Closing will be properly qualified to do business in the State of Texas and has all requisite power to enter into and perform under the terms of this Agreement without any qualification whatsoever.

14.2. Authority. The execution, delivery and performance by Buyer of this Agreement has been duly authorized by directors or partners, as the case may be, and no further action is necessary on the part of Buyer to make this Agreement valid, binding and enforceable. Neither the execution, delivery nor performance by Buyer of this Agreement will conflict with or result in a violation of breach of any term or provision of nor constitute a default under any of the organizational or trust documents of Buyer.

14.3. Experienced Investor. Buyer has, to its satisfaction, examined the general real property and market conditions in San Antonio, Bexar County, Texas. Buyer is able to evaluate an investment in property in San Antonio, Texas.

14.4. Litigation. There are no material claims, actions, suits, proceedings or investigations pending, or to the current actual knowledge of officers and directors or Buyer, threatened against Buyer which could reasonably be expected to materially impair the ability of Buyer to fulfill and perform its obligations under this Agreement.

14.5. Buyer's Examination Period. Buyer agrees and represents to Seller that Buyer will conduct the Property Inspection and that the Buyer's Examination Period is adequate for Buyer to conduct the Property Inspection. Buyer represent and warrants that in making Buyer's decision to purchase the Property, Buyer has relied solely upon and

shall rely solely upon the opinion and judgment of Buyer and Buyer's experts; and that Buyer has not relied, and is not relying upon any representations of Seller or any of Seller's agents or employees as to the quality, nature, adequacy or condition of the Property for Buyer's intended use or any other use, except as to those representations and warranties of Seller provided in Section 13 of this Agreement and the limited representations as to title provided by Seller in this Agreement.

14.6. The representations and warranties provided by Buyer in this Section 14 shall survive Closing. Notwithstanding anything in this Agreement to the contrary, the representations and warranties under Section 14.1, 14.2 and 14.4 shall survive Closing, but not beyond 12:00 p.m. (noon) CST on the 31st day of December, 1998 (the "Claim Period"), and any such claim shall be asserted by specific written notice from Seller to Buyer, setting out the specific nature of such claim, which notice must be delivered to Buyer prior to the expiration of the Claim Period. Any claim for any breach of any representation or warranty under this Section 14 shall be limited to a claim for actual out-of-pocket damages incurred by Seller, and not for punitive, speculative, consequential or other damages.

15. Closing. The purchase and sale of the property herein described shall be closed on Wednesday, December 17, 1997, in the offices of Davis, Adami & Cedillo, Inc., 200 Concord Plaza, Suite 400, San Antonio, Texas, attorneys for Seller (the "Closing" or "Closing Date"). Upon Closing, Seller, at Seller's expense, shall deliver to Buyer or the Title Company, as the case may be:

15.1. A Special Warranty Deed conveying good and indefeasible title in fee simple to the Property, free and clear of any and all liens, encumbrances, easements, assessments, restrictions, and other conditions except for the following:

15.1.1. Taxes for the year of Closing and subsequent years not yet due and payable.

15.1.2. The Permitted Exceptions.

15.1.3. The Deed shall contain the following provision: "By the acceptance of this Deed, Grantee does hereby acknowledge that: except for the warranties of title provided in this Special Warranty Deed and except for the representations and warranties of Grantor provided in Section 13 of that one certain Purchase and Sale Agreement with an Effective Date of [DATE] wherein Grantor is Seller and Grantee is Buyer for the Property (which representations and warranties expire December 31, 1998), Grantee takes the property in "AS IS" condition; Grantor has not made and does not make any representations as to the physical condition, layout, footage, expenses, zoning,

operation or any other matter affecting or related to the Property; and Grantor makes no other warranties, express or implied, of merchantability, marketability, fitness or suitability for a particular purpose or otherwise except as set forth and limited herein. Any implied warranties are expressly disclaimed and excluded."

15.2. Title Policy. A form TLTA Owner's Title Policy of Insurance issued in the face amount of the Purchase Price insuring legal, equitable and indefeasible fee simple title to the Property, free and clear of all restrictions, encumbrances, easements, and other matters of record, except for the Permitted Exceptions, and all taxes for the year of Closing and subsequent years.

15.3. Leases. Executed original counterparts of the Leases and Lease Guaranties, as well as an assignment and assumption of each lease, in form to be agreed upon by Seller and Buyer prior to expiration of Buyer's Examination Period (the "Assignment and Assumption of Leases").

15.4. Bill of Sale and Assignment. A Bill of Sale and Assignment in the form to be agreed upon by Seller and Buyer prior to expiration of Buyer's Examination Period, conveying the Accessories, the Project Plans, the Permits, Contracts (which Buyer agrees to assume in accordance with this Agreement), the Contract Deposits, the Security Deposit Escrow, General Intangibles and the Personal Property, and all other personal property transferred hereunder and, except for the representations otherwise provided herein, in an "As Is" condition duly executed by and without recourse to Seller together with an indemnity by Seller in favor of Buyer from and against any and all claims, liabilities, damages and expenses (including reasonable attorneys' fees) arising from any misapplication of the Security Deposits prior to the Closing.

15.5. Non-Foreign Affidavit. An Affidavit of Seller certifying that Seller is not a "foreign person" as defined in the Federal Foreign Investment and Real Property Tax Act of 1980, and the 1984 Tax Reform Act, as amended.

15.6. Warranties. The originals of all warranties from third parties regarding the Property in the possession of Seller, without recourse to Seller.

15.7. Evidence of Authority. (i) Copy of Seller's resolutions, certified as true and complete as of the Closing date, authorizing Seller's selling the Property pursuant to this Agreement, and evidencing the authority of the person signing this Agreement and any documents to be executed by Seller at Closing, (ii) Incumbency Certificate for each joint venture partner of Seller, and (iii) good standing certificate for each joint venture partner of Seller, issued by the State of Texas dated within thirty (30) days of the Closing Date..

15.8. Estoppel Certificate. Estoppel Certificates as specified in Section 11.4 dated no earlier than forty-five (45) days prior to Closing which have been executed by the respective

Tenant, to the extent Seller is able to obtain the same.

15.9. Plans and Specification. Complete sets of "to be built" plans and specifications for the Improvements, if available.

15.10. Certification of Representations and Warranties. A certificate of the Seller dated as of the Closing Date certifying that all of Seller's representations and warranties set forth in this Agreement remain true as of the Closing Date, or if not, specifying the respect in which any such representation or warranty is no longer true, dated as of the Closing Date and represented and certified by the Seller to be true and correct in all material respects.

15.11. Tenant Notice. Notices to Tenant in the form to be provided by Buyer and incorporated herein by reference, advising Tenants of the sale of the Property to Buyer and directing that rents and other payments thereafter be sent to Buyer or as Buyer may direct.

15.12. Contracts. A letter from Seller to the other party under each of the Contracts assumed by Buyer, in form and substance reasonably satisfactory to Buyer, notifying such other party of the change in ownership of the Property and the assignment by Seller to Buyer of such Contract; and evidence that Seller has terminated any management agreement covering the Property and provided notice of termination or otherwise terminated all Contracts that Buyer has not specifically agreed to assume.

15.13. Project Rent Roll. A schedule showing any variations, as of the Closing Date, in the Project Rent Roll, certified by Seller as provided in Section 9.5, above.

15.14. UCC Search. A UCC search dated within five (5) days business days of Closing, showing no security interests with respect to any of the Property, other than as reflected in the Permitted Exceptions.

15.15. Other Documents. Such other documents and instruments as are reasonably required by the Title Company in connection with the issuance of its title insurance policy to Buyer or deemed necessary or desirable by Buyer or its attorneys in order to effectuate the transactions set forth in this Agreement, so long as any such document or instrument will not, of itself, increase the cost to or liability of Seller with respect to this Agreement and its performance hereunder..

16. Buyer's Obligations at Closing. At the Closing, Buyer shall deliver to the Title Company or to Seller, as the case may be, the following:

16.1. Purchase Price. The Purchase Price, adjusted by prorations as provided for herein, by wire transfer of immediately available funds.

16.2. Evidence of Authority. Copy of Buyer's resolutions, certified as true and complete

as of the Closing date, authorizing Buyer's acquisition of the Property pursuant to this Agreement, and evidencing the authority of the person signing this Agreement and any documents to be executed by Buyer at Closing.

16.3. Assignment and Assumption of Leases. The Assignment and Assumption of Leases evidencing the assumption of the obligation of Landlord under the Leases.

16.4. Other Documents. Such other documents and instruments as are

reasonably required by the Title Company in connection with the issuance of its title insurance policy to Buyer.

17. Proration.

17.1. The following shall be apportioned between Seller and Buyer at the Closing as of midnight of the day preceding the Closing Date:

17.1.1. Prepaid rents and Additional Rents and other amounts payable by Tenants, if, as and when received.

17.1.2. Real estate taxes, water charges, sewer rents and vault charges, if any, on the basis of the fiscal years, respectively, for which same have been assessed.

17.1.3. Charges and payments under transferable Contracts or permitted renewals or replacements thereof, if assigned and assumed by Buyer at the Closing.

17.1.4. Utilities, including, without limitation, water, steam, electricity and gas, on the basis of (1) an actual reading done on or immediately prior to the Closing Date or (2) the most recent bills therefor. Notwithstanding the foregoing, the parties shall endeavor to have the account name on each of the foregoing utilities changed from Seller to Buyer as of the Closing Date, it being understood that under no circumstances shall Buyer have any liability for any such utility charges relating to any period prior to the Closing Date, nor shall Seller have any liability for any such utility charges from and after the Closing Date. Buyer shall have no obligation or liability whatsoever with regard to any security deposit of Seller maintained by any utility company with regard to the Property.

17.2. If the Closing shall occur before a new real estate tax rate is fixed, the apportionment of real estate taxes at the Closing shall be upon the basis of the old tax rate for the preceding fiscal year applied to the latest assessed valuation. Promptly after the new tax rate is fixed, the apportionment of real estate taxes shall be recomputed and any discrepancy resulting from such recomputation and any errors or omissions in computing apportionments at Closing shall be promptly corrected and the proper party reimbursed.

17.3. If, on the Closing Date, any Tenant is in arrears in the payment of rent or has not paid

the rent payable by it for the month in which the Closing occurs (whether or not it is in arrears for such month on the Closing Date), any rents received by Buyer or Seller from such tenant after the Closing shall be applied to amounts due and payable by such Tenant during the following periods in the following order of priority: (A) first to any month or months following the month in which the Closing occurred, (B) second, to the month in which the Closing occurred, and (C) third, to any month or months preceding the month in which the Closing occurred. If rents or any portion thereof received by Seller or Buyer after the Closing are due and payable to the other party by reason of this allocation, the appropriate sum, less a proportionate share of any reasonable attorneys' fees and costs and expenses expended in connection with the collection thereof, shall be promptly paid to the other party. After Closing, Seller will have no right to sue any Tenant for delinquent rent for any Lease.

17.4. If any Tenants are required to pay percentage rent, escalation charges for real estate taxes, parking charges, operating expenses and maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature ("Additional Rents") and any Additional Rents are collected by Buyer, it shall promptly pay to Seller it's proportionate share thereof, if and when the tenant paying the same has made all payments of rent and Additional Rents then due to Buyer pursuant to the tenant's Lease. If Seller has collected estimates of Additional Rents in excess of a Tenant's proportionate share allocable to the period prior to Closing, Buyer shall receive a credit against the Purchase Price at Closing for any such excess.

17.5. Seller shall cooperate with Buyer in all respects in connection with the collection of rents and Additional Rents, so long as Seller shall incur no liability or significant expenses in doing so. In particular, Seller shall for a period to not exceed thirty (30) days after Closing, cooperate with Buyer in calculating Additional Rents and billings therefor.

17.6. The provisions of this Section 17.2 through 17.5 shall survive the Closing.

17.7. If any of the items subject to apportionment under the foregoing provisions of this Section 17 cannot be apportioned at the Closing

because of the unavailability of the information necessary to compute such apportionment, or if any errors or omissions in computing apportionments at the Closing are discovered subsequent to the Closing, then such item shall be reapportioned and such errors and omissions corrected as soon as practicable after the Closing Date and the proper party reimbursed, which obligation shall survive the Closing for a period of one hundred eighty (180) days after the Closing Date as hereinafter provided. Neither party hereto shall have the right to require a recomputation of a Closing apportionment or a correction of an error or omission in a Closing apportionment unless within the aforestated one hundred eighty (180) day period one of the parties hereto (i) has obtained the previously unavailable information or has discovered the error or omission, (ii) has given notice thereof to the other party, together with a copy of its

good faith recomputation of the apportionment and copies of all substantiating information used in such recomputation and (iii) such recomputation or correction involves amounts which in the aggregate exceed Five Thousand Dollars ($5,000). The failure of a party to obtain any previously unavailable information or discover an error or omission with respect to an item subject to apportionment hereunder and to give notice thereof as provided above within one hundred eighty (180) days after the Closing Date shall be deemed a waiver of its right to cause a recomputation or a correction of an error or omission with respect to such item after the Closing Date.

17.8. Buyer shall receive a credit on the Closing Date equal to all leasing commissions due to leasing or other agents for the current remaining term of each Lease (determined without regard to any unexercised termination or cancellation right), discounted to present value using reasonable discount rates. Buyer shall assume, in writing, the obligation to pay any such leasing commissions due thereunder after the Closing Date up to the amount of such credit (without discount). Buyer shall promptly return to Seller any such commission (without discount) that, due to later events, does not become due and payable. At Closing, Buyer shall assume leasing commissions for renewals or expansions under any Lease expressly identified in the Project Rent Roll as a result of the exercise of such right after the Effective Date of this Agreement. If by Closing Seller has not completed and paid in full all tenant improvement expenses, tenant allowances, moving expenses and other out-of-pocket costs which are the obligation of Landlord under Leases ("TI Obligations"), other than for the Athletic Club Tenant for which the provisions of Section 21.8 shall apply, then such costs as reasonably agreed by Buyer and Seller shall be withheld from the Purchase Price at Closing, placed in escrow with the Title Company, and Buyer shall be responsible for completing and paying such TI Obligations. Any funds held in the escrow shall be released to Buyer without any requirement for the consent of Seller and shall be used by Buyer to pay the Landlord's share of such tenant improvement and allowances. If there are any funds remaining in escrow after payment of such TI Obligations, such excess shall be paid to Seller; but if the amount in escrow is insufficient for the purpose, Seller shall reimburse Buyer for such deficiency on demand. Notwithstanding the above, Buyer will be responsible for Commission (not to exceed $11,616.00) and Leasehold Allowances (but not to exceed $14,040.00) on the Fireman's Fund Lease Agreement.

18. Assessments. If, on the Closing Date, the Property or any part thereof shall be affected by any assessment or assessments which are or may become payable in installments, of which the first installment is now or at Closing will be a charge or lien, or has been paid, then for the purposes of this Agreement, all the unpaid installments of any such assessment including those which are to become due and payable on or after the Closing Date shall be deemed to be due and payable and be liens upon the Property and the payment thereof shall be paid and discharged by Seller upon the Closing.

19. Closing Costs. Notwithstanding anything to the contrary contained herein, the Closing Costs

shall be paid as follows:

19.1. By Seller:

(a) Title insurance examination and premium; (b) Preparation of Special Warranty Deed; (c) Revenue stamps or transfer tax, if any; (d) One-half (1/2) the escrow fee, if any; (e) Brokerage fee as outlined in Section 26 herein; (f) The Survey; Seller's attorneys' fees; and Recording fees with regard to releases of liens.

19.2. By Buyer:

(a) Preparation of Mortgage, Deed of Trust or other applicable financing instruments; (b) Recording fees (except as provided in Section 19.1(h), above); (c) One-half (1/2) the escrow fee, if any; (d)

Any additional engineering reports, environmental reports, appraisals, or other reports or studies required by Buyer;

(e) The survey deletion fee for Title Insurance purposes; and

(f) Buyer's attorneys' fees.

20. Default.

20.1. Default of Seller. In the event Seller is in default of its obligations under this Agreement, Buyer, as its exclusive remedies, shall be entitled to either (a) a refund of the full amount of the Initial Earnest Money Payment and the Earnest Money Deposit together with all other sums, if any, paid on account of this Agreement by Buyer to unrelated third-parties, including, without limitation, all amounts paid or incurred by Buyer, whether before or after the date of this Agreement, in connection with its due diligence investigation of the Property, or (b) enforce specific performance of this Agreement; provided, however, that any such action for specific performance shall be initiated by Buyer, if at all, within sixty (60) days after that date on which the sale of the Property was scheduled to close hereunder and, if such action is not initiated within such 60-day period, then Buyer shall be deemed conclusively to have elected to waive the right to initiate such action for specific performance, in which event, Buyer's sole remedy shall be to terminate this Agreement and receive a refund of the Initial Earnest Money Payment and the Earnest Money Deposit together with all other sums, if any, paid on account of this Agreement by Buyer to unrelated third-parties, including, without limitation, all amounts paid or incurred by Buyer, whether before or after the date of this Agreement, in connection with its due diligence investigation of the Property; and provided, further, Seller shall not be in default hereunder

unless and until Buyer shall provide written notice to Seller of the basis for any such default and Seller has failed to cure such matter within ten (10) days of its receipt of such notice; provided, further, Buyer may not enforce specific performance against Seller if Seller is unable to deliver the Property subject only to the Permitted Exceptions (e.g., a third party places a cloud on title to the Property which Seller cannot remove prior to Closing). In no event shall Seller be liable to Buyer for any other actual, punitive, speculative, consequential or other damages, excepting only in the case of the inability of Seller to deliver the Property subject only to the Permitted Exceptions is due to a willful and bad faith overt act of Seller. No delay or omission in the exercise of any right or remedy accruing to Buyer upon any default of Seller under this Agreement shall impair any such right or remedy or be construed as waiver of such default or any default theretofore or thereafter occurring. The waiver by Buyer of any condition or event of default shall not be deemed to be a waiver of any other condition or of any prior or subsequent event of default.

20.2. Default of Buyer. Except as provided below, in the event of a default hereunder by Buyer or if Buyer shall otherwise fail to perform any of Buyer's obligations hereunder Seller may terminate this Agreement by notice to Buyer and may retain the Initial Earnest Money Payment and the Earnest Money Deposit as liquidated damages and this shall be Seller's sole remedy for the Buyer's breach of this Agreement and neither party shall have any further rights, obligations or liabilities hereunder, except as otherwise provided herein; however, Buyer shall not be in default hereunder unless and until Seller shall provide written notice to Buyer of the basis for any such default and Buyer has failed to cure such matter within ten (10) days of its receipt of such notice. Seller and Buyer agree that it is difficult to determine, with any degree of certainty, the loss which Seller would incur in the event of Buyer's failure to close the purchase of the Property, and the parties have agreed that the amount of the Earnest Money Deposit represents a reasonable estimate of such loss and is intended as a liquidated damages provision. No delay or omission in the exercise of any right or remedy accruing to Seller upon any default of Buyer under this Agreement shall impair such right or remedy or be construed as a waiver of such default or any default theretofore or thereafter occurring. The waiver by Seller of any condition or event of default shall not be deemed to be a waiver of any other condition or of any prior or subsequent event of default.

21. Future Operations. From the date of this Agreement until the Closing or earlier termination of this Agreement, Seller will:

21.1. Maintenance and Operation of Property. Keep, operate and maintain the Property in substantially the same condition and manner as the Property is now maintained and operated by Seller and perform all obligations on the part of landlord to be performed under the Lease.

21.2. Litigation and Claims. Promptly advise Buyer of any actual or threatened litigation,

arbitration, administrative hearing or claim (of any material matter or amount) concerning the Property for which Seller has current actual knowledge, or if Seller determines that any representation or warranty made by Seller in Section 13 hereof is incorrect in any material manner or amount.

21.3. Insurance. Maintain (or cause the maintenance of) all liability, property and casualty or other insurance which Seller currently has in force with respect to the Property.

21.4. No Change in Title. Not enter into or acquiesce in the filing of any easement, license, plat (or replat) or zoning charge affecting the Property, except as provided in Section 21.9, below, without the prior written consent of Buyer in its sole discretion.

21.5. No Encumbrance. Not transfer or encumber or permit any lien to be placed against all or any portion of the Property.

21.6. No Sale. Neither Seller nor any of its affiliates shall negotiate, discuss or enter into any agreement with any third party regarding the transfer, sale or conveyance of all or any portion of the Property.

21.7. Leasing. (i) Not modify any existing Lease or enter into any new Lease in any manner without the prior written consent of Buyer, and Buyer will not unreasonably withhold or delay its consent for any modification to any existing lease or for Seller to enter into any new Lease which is with an individual or entity unrelated (directly or indirectly) to Seller and/or its joint venture partners and which is in the ordinary course of business of the Property consistent with past business practices in the operation of the Property, and any such consent will be deemed given if specific written objection is not provided by Buyer to Seller within five (5) business days after Buyer receives written notice of such amendment or new lease, with the proposed lease amendment or new agreement attached to such notice; and (ii) promptly deliver to Buyer a copy of any notice (including, without limitation, a notice of default under any Lease, and promptly cure any such default; provided, however, from and after expiration of Buyer's Examination Period, Buyer may withhold its consent in its sole discretion.

21.8. Athletic Club Renovations. Pursuant to the Lease for the Athletic Club, the Athletic Club Tenant and Seller have entered into certain agreements for refurbishment/renovations which are being made to the Athletic Club, the cost of which are to be borne equally by Seller, as Landlord, and such Tenant. At Closing, Seller will escrow with the Title Company, under escrow instructions to be agreed upon between Seller and Buyer during Buyer's Examination Period, any then remaining obligation of Seller and Tenant for the costs of such improvements plus any additional sums reasonably projected to complete such refurbishment/renovations; however if the escrowed amount is insufficient to complete such refurbishment/renovations, Seller will remain liable for any deficiency. Seller will, until completion, continue such improvements pursuant to such agreements with such changes

as Seller in its discretion shall deem appropriate, but Seller will notify Buyer in writing of any material change in such planned improvements, and any such material change after expiration of the Buyer's Examination Period will require the prior written consent of Buyer, which consent Buyer will not unreasonably withhold or delay, and such consent will be deemed provided if written objection is not provided by Buyer to Seller within five (5) business days after Seller notifies Buyer in writing of the specific nature of the change requested.

21.9. Described Easements. Seller is in the process of negotiating (i) an easement to provide the owner of the tract contiguous to and south of the Property (who is an affiliate of Seller) access to the utility easements located within the entry drive of Concord Plaza so long as any such access is at the sole cost of such owner and has no material adverse effect on the capacity of any utilities provided to the Property and (ii) acquisition of the parking area on the north side of the Property, which is currently owned by an affiliate of Seller and provided to Seller by easement. Both such transactions will be completed at or before Closing at the expense of Seller. If the transaction described in clause (ii) has not been completed at or before Closing, Buyer may terminate this Agreement and receive a return of the Initial Earnest Money Payment and the Earnest Money Deposit, and neither party shall have any further liability to the other hereunder other than the obligations which specifically survive termination as provided in this Agreement.

21.10. Claims. Promptly deliver notice to Buyer of, and, if the same may adversely affect the Buyer or the Property, defend at the Seller's

expense, all actions, suits, claims and other proceedings affecting the Property, or the use, possession or occupancy thereof;

21.11. Condemnation. Promptly deliver notice to Buyer of any actual or threatened condemnation of the Property or any portion thereof;

21.12. Permits. Maintain all Permits in full force and effect and promptly deliver notice to Buyer of any intention of the Seller to seek any new Permit;

21.13. Contracts. Maintain all Contracts in full force and effect, timely make all payments and observe and perform all obligations to be paid, observed or performed by the Seller thereunder, and promptly notify the Buyer of any receipt or delivery of any notice (including any notice of default) thereunder, and not modify, amend, renew, extend, terminate or otherwise alter any Contracts nor enter into any new maintenance service contracts or any other agreements affecting the Property without the prior written consent of Buyer in each instance, which consent will not be unreasonably withheld or delayed; provided, however, Buyer may withhold its consent in its sole discretion for any such Contract which cannot be terminable on thirty (30) days notice or less.

21.14. Repairs. Provide all services, repairs and other work required to be provided by the landlord under the Leases;

21.15. Personal Property. Seller will not remove from the Property any Personal Property (as defined in Section 1.8, above) of any material value or which is material to the operations of the Property unless it is replaced with a comparable item of equal quality and quantity as existed as of the time of such removal; and

21.16. Security Deposits. Not apply any of the Security Deposits, whether to a default of a Tenant or otherwise without the prior written consent of Buyer which consent shall not be unreasonably withheld or delayed.

22. Casualty. The risk of loss or damage to the Property by fire or other casualty shall, until Closing, be borne by Seller. After Closing, the risk of any loss or damage to the Property by fire or other casualty shall be borne by Buyer. Seller shall promptly give Buyer written notice if all or any portion of the Property is damaged or destroyed by fire or other casualty and the extent thereof. For purposes of this Section 22, "Material Casualty" shall be any casualty resulting in damage to the Property of Twenty-Five Thousand and No/100 Dollars ($25,000.00) or more or any casualty which can be the basis for any Tenant to terminate any Lease or Leases which, individually or in the aggregate, is for more than five thousand (5,000) square feet of net rentable area in each case as reasonably estimated by Buyer. In the event of a Material Casualty, Buyer may, by written notice to Seller within ten (10) days after receipt of notice of the occurrence of such Material Casualty, elect to cancel this Agreement. In the event either party shall so elect, the Initial Earnest Money Payment and Earnest Money Deposit shall be returned to Buyer and, upon such return of the Initial Earnest Money Payment and the Earnest Money Deposit, both parties shall be relieved and released of and from any further liability hereunder, except as otherwise provided in this Agreement. In the event of a Material Casualty, if this Agreement is not so cancelled by Buyer, or if there is a non-material casualty, this Agreement shall not be affected, but Seller shall assign to Buyer all of Seller's right, title and interest in any insurance proceeds and claims, and the Purchase Price shall be reduced by the amount of any applicable insurance policy deductible.

23. Disclaimer Regarding Representations and Warranties of Seller. EXCEPT FOR THE WARRANTIES OF TITLE CONTAINED IN THE DEED AND THE LIMITED EXPRESS WRITTEN REPRESENTATIONS AND WARRANTIES OF SELLER CONTAINED IN SECTION 13 HEREOF, BUYER ACCEPTS THE PROPERTY "AS IS" AND "WHERE IS", WITH ALL FAULTS, AND BUYER AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER SELLER NOR ANY OF SELLER'S EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES OR AGENTS (COLLECTIVELY THE "SELLER RELATED PARTIES") HAVE MADE OR GIVEN ANY WARRANTIES, GUARANTEES, OR REPRESENTATIONS OF ANY KIND WHATSOEVER, REGARDING ANY MATTER RELATING TO THIS AGREEMENT OR THE PROPERTY, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, BUYER AGREES THAT THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY, SUITABILITY, OR FITNESS FOR A

PARTICULAR PURPOSE AND THAT THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS REGARDING THE PRESENT OR FUTURE VALUE, PROFITABILITY, PERFORMANCE OR PRODUCTIVITY OF THE PROPERTY, OR REGARDING THE PAST OR PRESENT COMPLIANCE BY SELLER OF ENVIRONMENTAL LAWS.

24. Condemnation. If, prior to Closing, all or any portion of the Property is condemned or taken by eminent domain by any authority (a "Condemnation"), Seller shall promptly notify Buyer thereof, and Buyer may terminate this Agreement by giving written notice thereof to Seller prior to the Closing

Date, in which event the Initial Earnest Money Payment and the Earnest Money Deposit shall be returned to Buyer and, upon the return of such Initial Earnest Money Payment and the Earnest Money Deposit, both parties shall be relieved and released of and from any further liability hereunder, except as otherwise provided in this Agreement. If Buyer does not elect to terminate this Agreement as a result of a Condemnation, Seller shall pay to Buyer, at Closing, all awards or other proceeds for such Condemnation collected by Seller and assign and transfer to Buyer all of Seller's right, title and interest in and to any claims for uncollected awards and other proceeds for such Condemnation which Seller may be entitled to receive. At Buyer's request, from and after the Closing, Seller shall cooperate with Buyer in the settlement of any condemnation claims pursued by Buyer.

25. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be sent by either confirmed receipt by facsimiles or mailed by certified and/or registered mail, return receipt requested, postage prepaid, or personally delivered, or delivered by a national overnight carrier, addressed or faxed as follows:

SELLER: The New Concord Plaza Joint Venture
Attn: Mr. William T. Ellis
200 Concord Plaza, Suite 303
San Antonio, Texas 78216
Phone: (210) 822-8600
Fax: (210) 822-1143

With Copy To: Mr. J. Russell Davis
Davis, Adami & Cedillo, Inc.
200 Concord Plaza, Suite 400
San Antonio, Texas 78216
Phone: (210) 822-6666
Fax: (210) 822-1151

BUYER: Patriot American Acquisition Corp.
3030 LBJ Freeway, Suite 1500
Dallas, Texas 75234
Attn: Mr. Darryl E. Freling
Vice President-Acquisitions
Phone: (972) 888-8000
Fax: (972) 888-8029

With copy to: Mr. Roger Thomas
Cali Realty Corp.
11 Commerce Drive
Cranford, New Jersey 07016
Phone: (908) 272-8000
Fax: (908) 272-6755

With copy to: Jones, Day, Reavis & Pogue
2300 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2958
Attn: David J. Lowery, Esq.
Phone: (214) 220-3939
Fax: (214) 969-5100

or to such changed address or facsimile number as a party hereto shall designate to the other party hereto from time to time in writing. Notices shall be deemed delivered (i) if personally delivered or delivered by overnight carrier, on the date of delivery or first business day thereafter if delivered other than on a business day or after 5:00 p.m. CST to said offices; (ii) if sent by certified mail, return receipt requested, on the date shown on the receipt unless delivery is refused or delayed by the addressee in which event they shall be deemed delivered on the date of deposit in the U.S. Mail; or (iii) if sent by means of a facsimile transmittal machine, at the time and on the date of receipt with receipt thereof confirmed by telephonic acknowledgement or first business day thereafter if receipt other than on a business day or after 5:00 p.m. CST.

26. Real Estate Commission. If, as and when this transaction closes, and the full Purchase Price has been paid to Seller, then Seller will pay a commission to Corporate Realty, Inc. arising out of the transaction contemplated by this Agreement per a separate agreement between Seller and Corporate Realty, Inc. (the "Broker"). Seller hereby indemnifies and holds Buyer harmless from any and all real estate commissions, claims for such commissions or similar fees on this transaction arising in any manner out of any commitment or promise or agreement made by Seller. Buyer hereby indemnifies and holds Seller harmless from any and all real estate commissions, claims for such commissions or similar fees on this transaction arising in any manner out of any commitment or promise or agreement made by

Buyer. In accordance with the terms of the Real Estate License Act of Texas, Buyer is hereby advised by the Broker that Buyer should have the

abstract covering the Property examined by an attorney of Buyer's selection, or be furnished with or obtain a policy of title insurance.

27. Information and Audit Cooperation. At Buyer's request, at any time before Closing, and within one (1) year after Closing, Seller will provide to Buyer's designated independent auditor access to those books and records of the Property which are in Seller's possession and not provided to Buyer at Closing, and Seller shall provide to such auditor a representation letter regarding the books and records of the Property, in substantially the form of Exhibit "A", attached hereto and incorporated herein by reference, in connection with the normal course of auditing the Property in accordance with generally accepted auditing standards.

28. Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by either party at Closing, each party agrees to perform, execute and deliver, on or after Closing, any further actions or documents, and will obtain such consents, as may reasonably necessary or as may be reasonably requested to fully effectuate the purposes, terms and conditions of this Agreement, or to further perfect the conveyance, transfer and assignments of the Property to Buyer, so long as this will not in any material manner or amount increase the cost to such party to perform hereunder or the financial obligations of such party hereunder.

29. Assignment. At or prior to Closing, Buyer may assign its rights as buyer hereunder to (i) any Affiliate of Buyer, or (ii) upon the prior written consent of Seller in its sole discretion. Any assignee will be deemed to have been provided all of the information provided to Buyer under this Agreement.

30. Control of Adjacent Properties. Seller has advised Buyer that an Affiliate of one of the joint venture partners of Seller owns the tracts immediately to the north and south of the Project (herein the "Adjacent Properties"). Except as otherwise provided in Section 21.9, this Agreement shall not in any manner be subject to any agreements which may or may not be made between Buyer and the Owners of the Adjacent Properties and this Agreement shall not result in any restrictions, directly or indirectly, with respect to any other properties which may be owned by any joint venture partner of Seller or their respective Affiliates.

31. Entire Agreement. This written Agreement constitutes the entire and complete agreement between the parties hereto with respect to the Property. It is expressly understood that there are no verbal understandings or agreements which may change the terms, covenants and conditions herein set forth, and that no modification of this Agreement and no waiver of any of the terms and conditions shall be effective unless made in writing and duly executed by the parties hereto.

32. Binding Effect. All covenants, agreements, warranties and provisions of this Agreement shall be binding upon and inure to the parties hereto and their respective successors and assigns.

33. Current Actual Knowledge. Any representation or warranty limited herein to "current actual knowledge" shall be deemed to mean the actual knowledge of Seller, its joint venturers, their respective employees, the property manager of the Property, and its employees, with no duty for any independent inquiry with respect to the matters which are the subject of such representation or warranty.

34. Affiliate. For purposes of this Agreement, an "Affiliate" is any person which, directly or indirectly, controls, is controlled by, or is under common control with, such person.

35. Indemnified Claim. Upon the occurrence of any expense or liability or third-party claim for which indemnification is provided pursuant to this Agreement (the "Indemnified Claim"), when the party to be indemnified (the "Indemnified Party") has actual knowledge of such claim or facts reasonably expected to lead to any such claim, it shall provide written notice (the "Notice of Claim") to the party required to provide such indemnification (the "Indemnifying Party"), setting out the nature of the Indemnified Claim, including the facts which gave rise or are expected to give rise to such claim. The Indemnifying Party shall have the right to control the defense of such Claim, which it shall do at its expense with counsel subject to the approval of the Indemnified Party, which approval will not be unreasonably withheld or delayed; but the Indemnified Party shall have the right to participate in the defense thereof and be represented, at its own expense, by advisory counsel selected by it, and in such case the counsel selected by the Indemnifying Party and responsible for the defense of such claim shall consult with and cooperate with such advisory counsel of the Indemnified Party. The Indemnifying Party shall provide to the Indemnified Party, or its advisory counsel, if any, copies of all third-party correspondence and pleadings pertaining to the resolution of such claim, and will provide prior written notice to the Indemnified Party of any resolution or settlement of any such claim, and the Indemnified Party shall have the right to approve any such resolution or settlement

only if such resolution or settlement is likely to have a material adverse effect upon the Indemnified Party (e.g., potential further liability to the Indemnified Party which may not be covered by the Indemnifying Party), in which case such approval is required but may not be unreasonably withheld or delayed.

36. Attorneys' Fees. In the event of any litigation arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

37. Controlling Law. This Agreement has been made and entered into under the laws of the State of Texas, and said laws shall control the interpretation thereof.

38. Counterparts. This Agreement may be executed in as many counterparts as may be

required and it shall be sufficient that the signature of each party appear on one or more such counterparts. All counterparts shall collectively constitute a singular agreement.

39. Seller's Escrow. At Closing, Seller will place in escrow Five Hundred Thousand and No/100 Dollars ($500,000.00), with such escrow agent and on such terms, as shall be agreed upon by Buyer and Seller during Buyer's Examination Period, to secure Seller's obligations hereunder, which Escrow shall terminate on the expiration of the Claim Period (as defined in Section 13.34) unless a claim has been asserted by Buyer hereunder prior to expiration of such Claim Period.

40. Bravo's Restaurant Lease. During Buyer's Examination Period, the lease for Bravo's Restaurant will be renegotiated on terms acceptable to Seller, Buyer and the Tenant hereunder, in each of their respective sole discretion, or it will be terminated at Closing.

41. Management Office. During Buyer's Examination Period, Seller and Buyer will endeavor to enter into a lease agreement for the Management Office at a location and on terms and provision acceptable to Seller and Buyer, in each of their sole discretion.

EXECUTED by Seller this 3rd day of November, 1997, in multiple counterparts, each of which shall have the force and effect of an original.

EXECUTED by Buyer this 3rd day of November, 1997, in multiple counterparts, each of which shall have the force and effect of an original.

SELLER:

THE NEW CONCORD PLAZA JOINT VENTURE

By: THE NEW PLAZA CORPORATION,
Managing Venturer

By:_____
William T. Ellis, Vice President

BUYER:

CALI REALTY ACQUISITION CORP.

By:_____
Its:_____

Receipt of this Purchase and Sale Agreement is acknowledged the _____ day of _____, 1997.

CHICAGO TITLE INSURANCE COMPANY

By:_____
Its:_____

Receipt of the Initial Earnest Money Payment in the amount of $100,000.00 is hereby acknowledged this _____ day of _____, 1997.

SELLER:

THE NEW CONCORD PLAZA JOINT VENTURE

By: THE NEW PLAZA CORPORATION,
Managing Venturer

By:_____
James H. Eddy, Jr., President

Receipt of the Earnest Money Deposit in the amount of $250,000.00 is hereby acknowledged this _____ day of _____, 1997.

CHICAGO TITLE INSURANCE COMPANY

By:_____
Its:_____

NOTICE TO TITLE COMPANY: Upon receipt, please deliver one fully executed counterpart of this Agreement to each of J. Russell Davis, Davis, Adami & Cedillo, Inc., 200 Concord Plaza, Suite 400, San Antonio, Texas 72816 with a copy to David J. Lowery, Jones, Day, Reavis & Pogue, 2300 Trammell Crow Center, 2001 Ross Avenue, Dallas, Texas 75201-2958.

EXHIBIT NO. 10.129

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") made this 23rd day of January, 1998 between RMC Development Company, LLC, a limited liability company organized under the laws of the State of New York, having an address c/o Robert Martin Company, 100 Clearbrook Road, Elmsford, New York 10523 ("Seller") and CALI STAMFORD REALTY ASSOCIATES L.P., a limited partnership organized under the laws of the State of Connecticut, having an address c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016 ("Purchaser).

RECITALS

A. Seller is the owner of certain property more particularly described below and located in Stamford, Connecticut.

B. Seller has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Seller, such property and certain other assets, all as more particularly set forth below, subject to the terms and conditions set forth herein.

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. SUBJECT OF CONVEYANCE.

1.1 Seller hereby agrees to sell and convey, and Purchaser hereby agrees to purchase, subject to all terms and conditions set forth in this Agreement:

(a) that certain plot, piece or parcel of land situate, lying and being in the City of Stamford, County of Fairfield, and State of Connecticut, and being more particularly described on Schedule 1.1(a) (the "Land"), and the improvements, if any, located on the Land (the "Improvements");

(b) all rights, privileges, grants and easements appurtenant to Seller's interest in the Land and Improvements,

including without limitation, all of Seller's right, title and interest in and to all land lying in the bed of any public street, road or alley, all mineral and water rights and all easements, licenses, covenants and rights-of -way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and Improvements (the Land and Improvements and all such rights, privileges, easements, grants and appurtenances are sometimes referred to herein as the "Real Property");

(c) all leases and other agreements with respect to the use and occupancy of the Real Property, together with all amendments and modifications thereto and any guaranties provided thereunder (individually, a "Lease", and collectively, the "Leases"), and rents, additional rents, reimbursements, profits, income, receipts, and the amount, if any, deposited (the "Security Deposit") under any Lease in the nature of security for the performance of the obligations of the tenant or user (individually a "Tenant", and collectively, the "Tenants") under the Leases; and

(d) any approvals, permits and agreements, including but not limited to environmental permits, subdivision approvals, development agreements, site plans and approvals, relating to the development of the Real Property (collectively, the "Intangible Property"); and

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

The Real Property, the Leases, the Intangible Property and all other property interests being conveyed hereunder are hereinafter collectively referred to as the "Property".

2. PURCHASE PRICE AND TERMS OF PAYMENT.

2.1 The purchase price for the Property is One Million Three Hundred Thirteen Thousand ($1,313,000) Dollars (the "Purchase Price"), payable on the Closing Date (as defined in Section 10) by the wiring of federal funds to Seller, subject to adjustment as provided herein. At the request of Seller given the business day prior to the Closing Date, Purchaser agrees to provide to Seller bank or certified checks up to the amount due under this Section 2.1 on account of sums due in order for Seller to perform its obligations hereunder.

3. Deleted prior to execution.

4. TITLE MATTERS TO WHICH THIS SALE IS SUBJECT.

4.1 The Property is to be contributed to Purchaser subject to the following (collectively, the "Permitted Encumbrances"):

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

(b) The rights of Tenants, as tenants only;

(c) Those restrictions, covenants, agreements, easements, matters and things affecting title to the Real Property and more particularly described in Schedule 4.1(c) annexed hereto and by this reference made a part hereof;

(d) Any and all laws, statutes, ordinances, codes, rules, regulations, requirements, or executive mandates affecting the Property as of the date hereof except for engineering or institutional controls, including without limitation, a deed notice or declaration of environmental restrictions, a groundwater classification exception area or well restriction area affecting the Property; and

(e) The state of facts shown on the survey, if any, described on Schedule 4.1(c), and any other state of facts which a recent and accurate survey of the Real Property would actually show, provided same does not impair the use of the Real Property as intended by Purchaser and does not render title uninsurable at standard rates.

4.2 Purchaser shall cause any title company licensed to do business in the State of Connecticut (the "Title Company") to prepare a title insurance search and commitment for an owner's title insurance policy for the Real Property (the "Title Commitments") and shall cause a copy of same to be delivered to counsel for Seller. If any defects, objections or exceptions in the title to the Real Property appear in the Title Commitments (other than the Permitted Encumbrances) which Purchaser is not required to accept under the terms of this Agreement, Seller agrees to use good faith efforts to cure same prior to Closing (as defined in Section 10) and in any event to cure, at its expense, (i) judgments against Seller, (ii) mortgages and other

liens which can be satisfied by payment of a liquidated amount and (iii) defects, objections or exceptions which can be removed by payments not to exceed three (3%) percent of the Purchase Price in the aggregate. Seller, in its discretion, may adjourn the Closing for up to sixty (60) days in order to eliminate unacceptable defects, objections or exceptions. If, after complying with the foregoing requirements, Seller is unable to eliminate all unacceptable defects, objections or exceptions in accordance with the terms of this Agreement on or before such adjourned date for the Closing, Purchaser shall elect either (w) to terminate this Agreement by notice given to the Seller, in which event the provisions of Section 4.7 shall apply, or (x) to accept title subject to such unacceptable defects, objections or exceptions and receive no credit against or reduction of the Purchase Price. Seller agrees and covenants that it shall not voluntarily place any defects, objections or exceptions to title to any of the Real Property from and after the date of the first issuance of the Title Commitment for said Property.

4.3 It shall be a condition to Closing that Seller convey, and that the Title Company insure, title to the Real Property in the amount of the Purchase Price (at a standard rate for such insurance) in the name of Purchaser or its designees, after delivery of the Deed (as defined in Section 10), by a standard 1992 ALTA Owners Policy, with such ALTA endorsements as may be available and as required by Purchaser, free and clear of all liens, encumbrances and other matters, other than the Permitted Encumbrances (the "Title Policy"). The Title Company shall provide affirmative insurance that any (i) Permitted Encumbrances have not been violated, and that any future violation thereof will not result in a forfeiture or reversion of title; (ii) Purchaser's contemplated use of the Property will not violate the Permitted Encumbrances; and (iii) the exception for taxes shall apply only to the current taxes not yet due and payable. Seller shall provide such affidavits, including title affidavits and survey affidavits of no change, and undertakings as the Title Company insuring title to the Property may require. The words "insurable title" and "insurable" as used in this Agreement are hereby defined to mean title which is insurable at standard rates (without special premium) by the Title Company without exception other than the Permitted Encumbrances, and standard printed policy and survey exceptions.

4.4 Any unpaid taxes, water charges, sewer rents and assessments, together with the interest and penalties thereon to a date not less than seven (7) business days following the Closing Date (in each case subject to any applicable apportionment), and any mortgages and other liens created by

Seller, which Seller is obligated to pay and discharge pursuant to the terms of

this Agreement, together with the cost of recording or filing of any instruments necessary to discharge such liens and such judgments, shall be paid at the Closing by Seller. Seller shall deliver to Purchaser, on the Closing Date, instruments in recordable form sufficient to discharge any such mortgages or other liens which Seller is obligated to pay and discharge pursuant to the terms of this Agreement.

4.5 If the Title Commitments disclose judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller, on request, shall deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against Seller, or any affiliates. Upon request by Purchaser, Seller shall deliver any affidavits and documentary evidence as are reasonably required by the Title Company to eliminate the standard or general exceptions on the ALTA form Owner's Policy.

4.6 Deleted prior to execution.

4.7 If Seller is unable to convey title in accordance with the terms of this Agreement and Purchaser elects to terminate this Agreement, then this Agreement shall terminate and except as provided in the following sentence, neither party to this Agreement shall have any further rights or obligations hereunder other than those which are expressly stated herein to survive any such termination. Upon a termination of this Agreement by Purchaser, Seller shall refund to Purchaser all charges made for (i) examining the title to all of the Real Property, (ii) any appropriate additional municipal searches made in accordance with this Agreement, and (iii) survey and survey inspection charges, which refund obligation shall survive said termination.

4.8 Purchaser acknowledges that the property described as Easement Area "2" on that certain map (filed November 29, 1983, SLR 11136) described in the second recital of the Conservation Easement dated November 9, 1983 among Nabisco, Inc., the City of Stamford and the Environmental Protection Board of the City of Stamford and recorded at Volume 2320, page 174 is being conveyed to Purchaser, to be held by Purchaser as a nominee on behalf of Seller, which nominee relationship is more particularly set forth in an agreement (the "Nominee Agreement") to be executed by Seller and Purchaser at Closing, in a form substantially in accordance with Section 26 of the Contribution and Exchange Agreement between Robert Martin Company, LLC, Robert Martin-Eastview North Company, L.P. and Cali Realty, L.P. and

Cali Realty Corporation dated January 24, 1997.

5. REPRESENTATIONS AND WARRANTIES OF SELLER.

5.1 In order to induce Purchaser to perform as required hereunder, Seller hereby warrants and represents the following:

(a) Seller is a duly organized and validly existing limited liability company organized under the laws of the State of New York, is duly authorized to transact business and is in good standing in the State of Connecticut, has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations hereunder and under such other documents and instruments in order to sell the Property in accordance with the terms and conditions hereof. All necessary actions of the members of Seller to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(b) This Agreement, when duly executed and delivered, will be the legal, valid and binding obligation of Seller, enforceable in accordance with the terms of this Agreement. The performance by Seller of its duties and obligations under this Agreement and the documents and instruments to be executed and delivered by it hereunder will not conflict with, or result in a breach of, or default under, any provision of any of the organizational documents of Seller or any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to which Seller is a party or by which its assets are or may be bound.

(c) Annexed hereto as Schedule 5.1 (c) is a true, complete and correct schedule of the only Lease for the Land. The Lease is a valid and bona fide obligation of the landlord and to Seller's knowledge tenant thereunder and is in full force and effect. No defaults exist thereunder and to Seller's knowledge no condition exists which, with the passage of time or the giving of notice or both, will become a default. The Lease constitutes the only lease, tenancy or occupancy affecting the Real Property on the date hereof and there are no agreements which confer upon

any Tenant or any other person or entity any rights with respect to the Property.

(d) There are no service contracts, union contracts, employment agreements or other agreements affecting the Property or the operation thereof.

(e) There are no actions, suits, labor disputes, litigation or proceedings currently pending or, to the knowledge of Seller, threatened against or related to Seller or to all or any part of the Property, the environmental condition thereof, or the operation thereof, nor does Seller know of any basis for any such action.

(f) Seller has received no written notice and has no knowledge of (i) any pending or contemplated annexation or condemnation proceedings, or private purchase in lieu thereof, affecting or which may affect the Property, or any part thereof, (ii) any proposed or pending proceeding to change or redefine the zoning classification of all or any part of the Property, (iii) any proposed or pending special assessments affecting the Property or any portion thereof, (iv) any penalties or interest due with respect to real estate taxes assessed against the Property and (v) any proposed change(s) in any road or grades with respect to the roads providing a means of ingress and egress to the Property. Seller agrees to furnish Purchaser with a copy of any such notice received within two (2) business days after receipt.

(g) Seller has provided Purchaser with all reports, including without limitation, the Environmental Documents, in Seller's possession or under its control related to the physical condition of the Property.

(h) Seller has no knowledge of any notices, suits, investigations or judgments relating to any violations of any laws, ordinances or regulations (including without limitation, Environmental Laws [as defined in Section 5.2(a)(ix)(D)] affecting the Property, or any violations or conditions that may give rise thereto, and has no reason to believe that any agency, board, bureau, commission, department, office or body of any municipal, county, state or federal governmental unit, or any subdivision thereof, having, asserting or acquiring jurisdiction over all or any part of the Property or the management, operation, use or improvement thereof (collectively, the "Governmental Authorities") contemplates the issuance thereof, and to Seller's knowledge there are no outstanding orders, judgments, injunctions, decrees, directives or writs of any Governmental Authorities against or

involving Seller or the Property.

(i) There are no employees working at or in connection with the Property. There are no union agreements affecting the Property as of the date hereof, nor shall any such agreements affect the Property as of the Closing Date.

(j) The only obligation of Seller in the nature of a leasing commission due with respect to the Lease is an undated agreement between Colliers ABR, Inc. and Seller.

(k) Seller has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Seller's creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of such Seller's assets, suffered the attachment or other judicial seizure of all, or substantially all, of such Seller's assets, admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

(l) There are to Seller's knowledge no engineering or institutional controls at the Real Property, designed to address the Discharge of Contaminants or required by Environmental Laws or Governmental Authorities at the Real Property, including without limitation any deed notice, declaration of environmental restriction, groundwater classification exception area, well restriction area or other notice or use limitations pursuant to Environmental Laws.

(m) Seller has no knowledge that any part of the Real Property has been designated as wetlands under the Federal Water Pollution Control Act, 33 U.S.C. ss.1251 et seq., the Inland Wetlands and Watercourses Act, Conn. Gen. Stat. Ann. ss.ss.22a-36 et seq. and the Tidal Wetlands Act, Conn. Gen. Stat. Ann. ss.ss.22A-28 et. seq., or any applicable local law or regulation promulgated pursuant to any of the foregoing.

(n) There are no aboveground or underground storage tanks or vessels which contain any Contaminants at the Real Property regardless of whether such tanks or vessels are regulated tanks or vessels or not.

(o) Seller does not own or operate any property which any Governmental Authority has demanded in writing, addressed to and received by Seller or any of its affiliates, counsel or agents, be cleaned up and which has not been cleaned up.

(p) No representation or warranty made by Seller contained in this Agreement, and no statement contained in any document, certificate, Schedule or Exhibit furnished or to be furnished by or on behalf of Seller to Purchaser or any of its designees or affiliates pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading or necessary in order to fully and fairly provide the information required to be provided in any such document, certificate, Schedule or Exhibit.

5.2 In addition to the provisions of Section 5.1, Seller hereby warrants and represents the following with respect to environmental matters:

Except as disclosed on Schedule 5.2(a):

(i) To Seller's knowledge, no Contaminants have been Discharged which relate to the Real Property that would allow a Governmental Authority to demand that a cleanup be undertaken.

(ii) To Seller's knowledge, no ss.104(e) informational request has been received by Seller issued pursuant to CERCLA, with respect to the Real Property.

(iii) To Seller's knowledge, all pre-existing aboveground and underground storage tanks and vessels, if any, at the Real Property have been removed and their contents disposed of in accordance with and pursuant to all applicable Environmental Laws.

(iv) To Seller's knowledge, there is no asbestos or asbestos containing material requiring remediation under Environmental Laws on the Real Property.

(v) The transfer of the Property by Seller to Purchaser is not subject to the Transfer Act.

(vi) To Seller's knowledge, Seller has all material certificates, licenses and permits (the "Permits"), including, without limitation, any environmental permits, required to operate the Real Property. To Seller's knowledge, there is no violation of any Environmental Laws with respect to any Permits, all Permits are in full force and effect, are transferable with the Real Property without additional payment by Purchaser, and shall upon Closing, be transferred to Purchaser by Seller.

(vii) The Real Property has not been used during the period of Seller's ownership or, to the knowledge of Seller, been previously used, as a solid waste facility or a solid waste disposal area, including without limitation, a sanitary landfill facility, as defined in the Connecticut Solid Waste Management Act, Conn. Gen. Stat. Ann. ss.22a-446d et seq.

(viii) Seller has not, and shall not knowingly permit any person or entity to engage in any activity on the Real Property in violation of Environmental Laws.

(ix) For purposes of this Agreement, the following words shall have the respective meaning set forth below:

(A) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous substance, hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. ss.1251 et seq.; together with any amendments thereto, regulations promulgated thereunder and all substitutions thereof, as well as words of similar purport or meaning referred to in any other applicable federal, state, county or municipal environmental statute, ordinance, rule or regulation, including, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives.

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

(C) "Environmental Documents" shall mean all environmental documentation in the possession or under the control of Seller concerning the Property, or its environs, including, without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling

result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

(D) "Environmental Laws" means each and every applicable federal, state, county or municipal statute, ordinance, rule, regulation, order, code, directive or requirement of any Governmental Authority in any way related to Contaminants.

(E) "Transfer Act" shall mean the Connecticut Transfer Act, Conn. Gen. Stat. Ann. ss. 22a-134 et seq., the Regulations promulgated thereunder and any amending and successor legislation.

5.3 All representations and warranties made by Seller in this Agreement shall

survive the Closing Date for a period of one (1) year, and shall not be merged in the delivery of the Deed. Seller agrees to indemnify and defend Purchaser, and to hold Purchaser harmless, from and against any and all claims, liabilities, losses, deficiencies and damages as well as reasonable expenses (including attorney's, consulting and engineering fees), and interest and penalties related thereto, incurred by Purchaser, by reason of or resulting from any breach, inaccuracy, incompleteness or nonfulfillment of the representations, warranties, covenants and agreements of Seller contained in this Agreement. In no event shall Seller's liability on account of a failure of a representation or warranty exceed $250,000 in the aggregate, unless same is as a result of the gross negligence or willful misconduct of Seller. In addition, Purchaser shall not be entitled to make a claim against Seller from and after the closing if any senior executive officer of Purchaser or its affiliates (other than Tim Jones or Brad Berger) had actual knowledge of the matter which is the subject of the failure of such representation or warranty.

5.4 Purchaser acknowledges and agrees that, except as provided in this Agreement, Seller has not made any representations or warranties of any kind or character whatsoever, whether express or implied, with respect to the Property and that, except as provided in this Agreement, the transfer of the Property is on an "as is" condition. Purchaser acknowledges that it is not in a significantly disparate bargaining position with respect to Seller in connection with the transaction contemplated by this Agreement and that Purchaser was represented by legal counsel in connection with this transaction.

6. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

6.1 In order to induce Seller to perform as required hereunder, Purchaser hereby warrants and represents the following:

(a) Purchaser is a duly organized and validly existing limited partnership organized under the laws of the State of Connecticut, has all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations hereunder and under such other documents and instruments in order to purchase the Property in accordance with the terms and conditions hereof. All necessary actions of the Board of Directors to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

(b) This Agreement, when duly executed and delivered, will be the legal, valid and binding obligation of Purchaser, enforceable in accordance with the terms of this Agreement. The performance by Purchaser of its duties and obligations under this Agreement and the documents and instruments to be executed and delivered by it hereunder will not conflict with, or result in a breach of, or default under, any provision of any of the organizational documents of Purchaser or any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to

which Purchaser is a party or by which its assets are or may be bound.

6.2 All representations and warranties made by Purchaser in this Agreement shall survive the Closing Date for a period of one (1) year, and shall not be merged in the delivery of the Deed. From and after the Closing, Purchaser agrees to indemnify and defend Seller, and to hold Seller harmless, from and against any and all claims, liabilities, losses, deficiencies and damages as well as reasonable expenses (including attorney's, consulting and engineering fees), and interest and penalties related thereto, incurred by Seller, by reason of or resulting from any breach, inaccuracy, incompleteness or nonfulfillment of the representations, warranties, covenants and agreements of Purchaser contained in this Agreement.

6.3 Seller acknowledges that it is not in a significantly disparate bargaining position with respect to Purchaser in connection with the transaction contemplated by this Agreement and that Seller was represented by

legal counsel in connection with this transaction.

7. COVENANTS OF SELLER.

7.1 Seller covenants and agrees that between the date hereof and the Closing Date it shall perform or observe the following:

(a) Seller will not defer taking any actions or spending any of its funds, or otherwise manage the Property differently, due to the pending sale of the Property.

(b) Seller, will not enter into any new leases with respect to the Property, or renew or modify any Lease, or enter into any agreement of any nature whatsoever with respect to the Property, without Purchaser's prior written consent.

(c) Seller shall not:

(i) Enter into any agreement requiring Seller to do work for any Tenant after the Closing Date without first obtaining the prior written consent of Purchaser; or

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

(d) Seller will make all required payments under any mortgage affecting the Property within any applicable grace period, but without reimbursement by Purchaser therefor. Seller shall also comply with all other terms covenants, and conditions of any mortgage on the Property.

(e) Up to and including the Closing Date, Seller agrees to maintain

and keep such hazard, liability and casualty insurance policies in full force and effect in such amounts and covering such risks sufficiently to protect the Property and to protect, to a reasonable and prudent extent, the owner of the Property, in such amounts as are required so as not to be deemed a co-insurer, and for actual replacement cost, against any loss, damage, claim or liability.

(f) All violations of statutes, ordinances, rules, regulations, orders, codes, directives or requirements affecting the Property, whether or not such violations are now noted in the records of or have been issued by any Governmental Authorities shall be complied with by Seller prior to the Closing and the Property shall be conveyed free of any such violations, including, without limitation, violations of Environmental Laws. Notwithstanding the foregoing, Seller shall not be obligated to cure any violations caused by the actions of Purchaser, its employees and agents, and the employees and agents of its affiliated companies.

(g) Seller shall:

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

(ii) contemporaneously with the signing and delivery of this Agreement, and subsequently, promptly upon receipt by Seller or its representatives, deliver to Purchaser a certified true and complete copy of all Environmental Documents.

7.3 Seller represents that there are no proceedings now pending for a reduction in the assessed valuation of the Property and none shall be commenced by Seller.

8. LEASING COMMISSIONS AND TENANT IMPROVEMENT OBLIGATIONS.

8.1 The leasing commissions of $212,303.39 due on account of the execution of the Lease as required under the leasing commission agreement described in Section 5.1(j) shall be paid by Seller. The further leasing commissions due on account of Tenant's option to lease Additional Premises (as defined in the Lease) as required under such leasing commission agreement shall be paid by Purchaser. The provisions of this Section shall survive the Closing, and shall not be subject to any limitation on liabilities or obligations.

9. Deleted prior to execution

10. CLOSING.

10.1 The consummation of the transactions contemplated hereunder (the "Closing") shall take place at the offices of Pryor, Cashman, Sherman & Flynn, 410 Park Avenue, New York, New York 10022 on or about January

16, 1998 (the "Closing Date").

10.2 On the Closing Date, Seller, at its sole cost and expense, will deliver or cause to be delivered to Purchaser the following documents:

(a) Bargain and sale deed (the "Deed") with covenants in proper statutory form for recording so as to convey to Purchaser good and marketable title to the Land, free and clear of all liens and encumbrances, except the Permitted Encumbrances.

(b) The original Lease and all other documents pertaining thereto.

(c) A letter notifying the Tenant of the sale hereunder and directing that rent and other payments thereafter be sent to Purchaser or its designee, as Purchaser shall so direct.

(e) An executed and acknowledged Assignment and Assumption of the Lease, in the form of Exhibit 10.2(e) annexed hereto.

(f) An executed and acknowledged Assignment of the Intangible Property, if any.

(g) An affidavit, and such other document or instruments required by the Title Company, executed by Seller certifying (i) against any work done or supplies delivered to the Property which might be grounds for a materialman's or mechanic's lien under or pursuant to the laws of the State in which the Real Property is located, in form sufficient to enable the Title Company to affirmatively insure Purchaser against any such lien, and (ii) that the signatures on the Deed are sufficient to bind Seller and convey the Property to Purchaser.

(h) Affidavits and other instruments, including but not limited to all organizational documents of Seller including operating agreements, filed copies of limited liability certificates, articles of organization, and good standing certificates, reasonably requested by Purchaser and the Title Company evidencing the power and authority of Seller to enter into this Agreement and any documents to be delivered hereunder, and the enforceability of same.

(i) Deleted prior to execution

(j) A certificate indicating that the representations and warranties of Seller made in this Agreement are true and correct in all material respects as of the Closing Date, or if there have been any changes, a description thereof.

(k) All proper instruments as shall be reasonably required for the conveyance to Purchaser of all right, title and interest, if any, of Seller in and to any award or payment made, or to be made, (i) for any taking in condemnation, eminent domain or agreement in lieu thereof, of land adjoining all or any part of the Improvements, (ii) for damage to the Land or Improvements or any part thereof by reason of change of grade or closing of any such street, road, highway or avenue, and (iii) for any taking in condemnation or eminent domain of any part of the Land or Improvements.

(l) A certificate signed by an officer, manager or member of Seller to the effect that Seller is not a "foreign person" as that term is defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to avoid the imposition of the withholding tax payment pursuant to Section 1445 of the Code.

(m) All such transfer and other tax declarations and returns and information returns, duly executed and sworn to by Seller as may be required of Seller by law in connection with the conveyance of the Property to Purchaser, including but not limited to, Internal Revenue Service forms.

(n) A statement setting forth the Purchase Price with all adjustments and prorations shown thereon.

(o) Evidence of compliance with the Transfer Act or the affidavit described in Section 12.2(e).

(p) Such other documents as may be reasonably required or appropriate to effectuate the consummation of the transactions contemplated by this Agreement.

10.3 On the Closing Date, Purchaser, at its sole cost and expense, will deliver or cause to be delivered to Seller the following documents:

The balance of the Purchase Price, net of adjustments and prorations.

(b) An executed and acknowledged Assignment and Assumption of the Lease in the form of Exhibit 10.2 (e) annexed hereto.

(c) A certificate indicating that the representations and warranties of Purchaser made in this Agreement are true and correct as of the Closing Date, or if there have been any changes, a description thereof.

(d) Such other documents as may be reasonably required or appropriate to effectuate the consummation of the transactions contemplated by this Agreement.

10.4 Seller shall pay all state or county documentary stamps or transfer taxes and recording fees and charges necessary or required in order for the Deed to be recorded in the appropriate county register's or recorder's office. Purchaser shall pay all title insurance premiums and examination fees and the costs of its due diligence investigations, except as may specifically be provided for herein. Each party shall be responsible for its own attorney's fees and one-half (1/2) of any reasonable escrow fees. The provisions of this Section 10.4 shall survive the Closing.

10.5 The Closing shall be consummated without compliance with bulk sales laws. If by reason of any applicable bulk sales law, any claims are asserted by creditors of Seller related to periods prior to the Closing, such claims shall be the responsibility of Seller, and Seller shall indemnify, defend and hold harmless Purchaser (and their respective directors, officers, employees, affiliates, successors and assigns) from and against all losses or liabilities, if any, based upon, arising out of or otherwise in respect of the failure to comply with such bulk sales laws.

ADJUSTMENTS.

11.1 The following items with respect to the Property are to be apportioned as of midnight on the date preceding the Closing:

(i) Real estate taxes due and payable for the calendar year. If the Closing Date shall occur before the tax rate is fixed, the apportionment of real estate taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. If subsequent to the Closing Date, real estate taxes (by reason of change in either assessment or rate or for any other reason) for the Real Property should be determined to be higher or lower than those that are apportioned, a new computation shall be made, and Seller agrees to pay Purchaser any increase shown by such recomputation and vice versa.

11.2 Except as otherwise provided in this Agreement, the adjustments shall be made in accordance with the customs in respect to title closings in the State of New York.

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

11.4 The provisions of this Section 11 shall survive the Closing Date.

12. CONDITIONS PRECEDENT TO CLOSING.

12.1 The obligations of Seller to deliver title to the Property and to perform the other covenants and obligations to be performed by Seller on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Seller):

(a) The representations and warranties made by Purchaser herein shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

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

12.2 The obligations of Purchaser to accept title to the Property and to perform the other covenants and obligations to be performed by Purchaser on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Purchaser):

(a) The representations and warranties made by Seller herein shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

(b) Seller shall have performed all covenants and obligations undertaken by Seller herein in all respects and complied with all conditions required by this Agreement to be performed or complied with by it on or before the Closing Date.

(c) The Title Company is unconditionally prepared to

issue to Purchaser a Title Policy meeting the requirements set forth in Section 4 hereof for an "insurable title".

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

(e) The Real Property shall be in compliance with the Transfer Act. Seller shall, at Seller's sole cost and expense, make all submissions to, provide all information to and comply with all requirements of the Connecticut Department of Environmental Protection or its successor. In the event that the Real Property is not an establishment subject to the Transfer Act, prior to the Closing, Seller shall, at its sole cost and expense, provide to Purchaser an affidavit of an officer, member or manager of Seller stating that the Real Property is not an establishment which is subject to the provisions of the Transfer Act.

(f) There shall not be any sewer moratorium affecting the Property.

13. ASSIGNMENT.

13.1 This Agreement may not be assigned by Purchaser except to a directly or indirectly wholly-owned subsidiary or subsidiaries of Purchaser, or to a partnership in which any such wholly-owned subsidiary or subsidiaries owns, either directly or indirectly, at least seventy-five (75%) percent of the profits, losses and cash flow thereof and controls the management of the affairs of such partnership (any such entity, a "Permitted Assignee") and any other assignment or attempted assignment by Purchaser shall constitute a default by Purchaser hereunder and shall be deemed null and void and of no force and effect. In addition, at Closing, Purchaser shall have the right to cause Seller to direct the Deed and other closing instruments to such party as Purchaser shall direct. No assignment or direction of the closing instruments shall relieve Purchaser from Purchaser's obligations under this Agreement.

14. BROKER.

14.1 Purchaser and Seller represent that they have not dealt with any brokers, finders or salesmen, in connection with this transaction, and agree to indemnify, defend and hold each other harmless from and against any and all loss, cost, damage, liability or expense, including reasonable attorneys' fees, which either party may sustain, incur or be exposed to by reason of any claim for fees or commissions made through the other party. The provisions of this Section shall survive the Closing or other termination of this Agreement.

15. Deleted prior to execution.

16. CONDEMNATION.

16.1 In the event that prior to Closing, Seller shall become aware of the institution or threatened institution of any proceedings, judicial, administrative or otherwise, by eminent domain or otherwise, which propose to affect a material portion of the Property, Seller shall give notice (a "Condemnation Notice") to Purchaser promptly thereafter. Within fifteen (15) days following receipt of the Condemnation Notice, Purchaser shall have the right and option to terminate this Agreement by giving Seller written notice thereof. Any damage to or destruction of a Property as a result of a taking by eminent domain shall be deemed "material" for purposes of this Section if the estimate of the damage, which estimate shall be performed by an insurance adjuster and Purchaser's architect, shall exceed three (3%) percent of the Purchase Price. Should Purchaser so terminate this Agreement in accordance with this Section, neither party shall have any further liability or obligations to the other. In the event Purchaser shall not elect to cancel this Agreement, Seller shall assign all proceeds of such taking to Purchaser, same shall be Purchaser's sole property, and Purchaser shall have the sole right to settle any claim in connection with the Property.

17. PUBLICATION; CONFIDENTIALITY.

17.1 Purchaser shall have the right to make such public announcements or filings with respect to the acquisition as Purchaser may deem reasonably prudent. Purchaser shall not issue any such announcement without the prior approval of Seller as to the text of the announcement, not to be unreasonably withheld or delayed; provided, however, that Purchaser

shall be entitled to make such filings or announcements upon advice of counsel as may be necessary or required.

17.2 Without the prior written consent of the other party, until Purchaser shall make a public announcement as provided in Section 17.1, neither Purchaser nor Seller shall disclose, and Seller and Purchaser will direct their respective representatives, employees, agents and consultants not to disclose, to any person or entity the fact that Purchaser and Seller have entered into an agreement to acquire the Property or any of the terms, conditions or other facts with respect to this Agreement. Notwithstanding the foregoing, either party may disclose those terms and conditions which are

required to be disclosed pursuant to law or in order to comply with this Agreement; provided, however, that the disclosing party shall use its best efforts to limit the disclosure to the information necessary, shall advise any party to whom disclosure is made that said terms and conditions are subject to a confidentiality requirement and shall obtain the agreement of said party to keep any information disclosed to it as confidential. In the event of a breach of the provisions of this Section 17.2, either party shall be entitled to all of its rights and remedies at law or in equity.

18. REMEDIES

18.1 In the event Purchaser fails to perform on the Closing Date, Purchaser's sole liability and Seller's sole recourse shall be limited to the amount of the Deposit. Seller agrees that retention of the Deposit constitutes fixed and liquidated damages resulting from Purchaser's default, and Seller waives any other claim, at law or in equity, either against Purchaser or against any person, known or unknown, disclosed or undisclosed.

18.2 (a) If, after complying with the terms of this Agreement, Seller shall be unable to convey the Property in accordance with the terms of this Agreement, the sole obligation and liability of Seller shall be to perform in accordance with Section 4.7, following which this Agreement shall be deemed canceled and the parties hereto shall be released of all obligations and liabilities under this Agreement, except those that are expressly stated to survive the cancellation or termination of this Agreement.

(b) In the event of any default on the part of Seller or Seller's failure to comply with any representation, warranty or agreement in any material respect, Purchaser shall be entitled to terminate this Agreement upon notice to Seller, in which event neither party shall thereafter have any further obligations under this Agreement; to commence an action against Seller seeking specific performance of Seller's obligations under this Agreement; to pursue all of its remedies at law or in equity; or to do any or all of the above.

18.3 The acceptance of the Deed by Purchaser shall be deemed a full performance and discharge of every agreement and obligation of Seller to be performed under this Agreement, except those, if any, which are specifically stated in this Agreement to survive

the Closing or those which, by their terms, cannot be performed or complied with until after the Closing.

18.4 The provisions of this Section 18 shall survive the Closing or earlier termination of this Agreement.

19. NOTICE.

19.1 All notices, demands, requests, or other writings (a "Notice") in this Agreement provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, shall be in writing and shall be delivered by depositing the same with any nationally recognized overnight delivery service with all transmittal fees prepaid, properly addressed, and sent to the following addresses:

If to Purchaser:
Cali Stamford Realty Associates L.P.
c/o Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Attn: Roger W. Thomas, Esq.
(908) 272-8000 (tele.)
(908) 272-6755 (fax)

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

If to Seller:
RMC Development Company LLC
c/o Robert Martin Company
100 Clearbrook Road
Elmsford, New York 10523
Attn.: Martin S. Berger
(914) 592-4800 (tele.)
(914) 592-4836 (fax)

with a copy to:
RMC Development Company LLC
c/o Robert Martin Company
100 Clearbrook Road
Elmsford, New York 10523
Attn.: Lloyd Roos, Esq.
(914) 592-4800 (tele.)

(914) 592-4836 (fax)

or to such other address as either party may from time to time designate by written notice to the other or to the Escrow Agent. Notices given by overnight delivery service as aforesaid shall be deemed received and effective on the first business day following such dispatch. Notices may be given by counsel for the parties described above, and such Notices shall be deemed given by said party, for all purposes hereunder.

19.2 Any Notice which, pursuant to this Agreement, requires a response within a certain number of days or gives the other party certain rights if said party responds within a certain number of days, shall set forth such requirement or right in order for the Notice to be effective.

20. MISCELLANEOUS

20.1 If any instrument or deposit is necessary in order to obviate a defect in or objection or exception to title, the following shall apply: (i) any such instrument shall be in such form and shall contain such terms and conditions as may be required by the Title Company to omit any defect, objection or exception to title, (ii) any such deposit shall be made with the Title Company, and (iii) Seller agrees to execute, acknowledge and deliver any such instrument and to make any such deposit.

20.2 This Agreement (a) constitutes the entire agreement between the parties and incorporates, (b) supersedes all prior negotiations and discussions between the parties, (c) cannot be amended, waived or terminated orally, but only by an agreement in writing signed by the party to be charged, (d) shall be interpreted and governed by the laws of the State of New York and (e) shall be binding upon the parties hereto and their respective successors and assigns.

20.3 The caption headings in this Agreement are for convenience only and are not intended to be part of this Agreement and shall not be construed to modify, explain or alter any of the terms, covenants or conditions herein contained. If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

20.4 Each party shall, from time to time, execute, acknowledge and deliver such further instruments, and perform such additional acts, as the other party may reasonably request in order to effectuate the intent of this Agreement. Nothing contained in this Agreement shall be deemed to create any rights or obligations of partnership, joint venture or similar association between Seller and Purchaser. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto, and without regard to or aid of canons requiring construction against Seller, Purchaser or the party whose counsel drafted this Agreement.

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

20.6 All references herein to any section, schedule or exhibit shall be to the sections of this Agreement and to the schedules and exhibits annexed hereto unless the context clearly dictates otherwise. All of the schedules and exhibits annexed hereto are, by this reference, incorporated herein.

20.7 In the event of any litigation or alternative dispute resolution between Seller and Purchaser in connection with this Agreement or the transaction contemplated herein, the non-prevailing party in such litigation or alternative dispute resolution shall be responsible for payment of all expenses and reasonable attorneys' fees incurred by the prevailing party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Seller:
RMC DEVELOPMENT COMPANY, LLC

By:
Name:
Title:

Purchaser:
CALI STAMFORD REALTY ASSOCIATES L.P.
BY: CALI SUB XII

By:
Name:
Title:

Exhibits

Exhibit 10.2(e) Assignment and Assumption of the Lease

Schedules

Schedule 1.1(a) The Land
Schedule 4.1(c) Permitted Encumbrances
Schedule 5.1(c) Lease for the Land
Schedule 5.2(a) Exceptions to Environmental Representations

Exhibit 10.2(e)

650 West Avenue
Stamford, CT

ASSIGNMENT AND ASSUMPTION OF THE LEASE

THIS ASSIGNMENT AND ASSUMPTION OF THE LEASE (this "Agreement") is made as of January ___, 1998, by and between RMC DEVELOPMENT COMPANY, LLC ("Assignor"), a limited liability company organized under the laws of the State of New York, having an address at 100 Clearbrook Road, Elmsford, New York 10523, and CALI STAMFORD REALTY ASSOCIATES L.P., a limited partnership organized under the laws of the State of Connecticut, its successors and assigns ("Assignee") having an address at c/o Mack-Cali Realty Corporation, 11 Commerce Drive, Cranford, New Jersey 07016.

W I T N E S S E T H:

WHEREAS, Assignor entered into that certain lease dated as of July 21, 1997, with Davidoff of Geneva (Ct), Inc. (the "Lease") affecting the property commonly known as 650 West Avenue, Stamford, Connecticut (the "Property"), further described in Exhibit A attached hereto;

WHEREAS, Assignor and Assignee entered into that certain Purchase and Sale Agreement, dated January ___, 1998 (the "Sale Agreement");

WHEREAS, pursuant to the Sale Agreement, Assignor has agreed to assign to Assignee all of the Assignor's right, title and interest in and to the Lease; and

WHEREAS, Assignor desires to assign all of Assignor's right, title and interest in and to the Lease to Assignee and Assignee desires to accept the assignment of such right, title and interest in and to the Lease and assume all of Assignor's rights thereunder.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained and for other good and valuable consideration the parties hereto mutually agree as follows:

Assignor hereby assigns, transfers, sets over and conveys to Assignee, its successors and assigns, all of Assignor's right, title and interest in and to (i) the Lease and (ii) any and all guarantees, security deposits, letters of credit, notes, instruments, and other tenant impounds

relating thereto (collectively defined as the "Lease Security Deposits"). Assignee hereby accepts the Assignment and agrees to assume, fulfill, perform and discharge all the various commitments, obligations and liabilities of Assignor under and by virtue of the Lease, accruing or obligated to be performed from and after the date hereof, including the return of security deposits, letters of credit and other Tenant impounds in accordance with the terms of the Lease.

Assignee hereby indemnifies and agrees to hold harmless Assignor from and against any and all claims, liabilities, losses, damages, causes of action, costs and expenses (including without limitation, court costs through all appeals and reasonable attorneys' fees and disbursements) incurred in connection with or arising under (i) the obligations of the landlord under the Lease from and after the date hereof and (ii) the failure of Assignee to properly maintain any of the Lease Security Deposits in accordance with terms of the Lease.

Assignor hereby indemnifies and agrees to hold harmless Assignee from and against any and all claims, liabilities, losses, damages, causes of action, costs and expenses (including, without limitation, court costs through all appeals and reasonable attorneys' fees and disbursements incurred in connection with claims arising with respect to (i) the obligations of the landlord under the Lease which accrued prior to the date hereof; and (ii) the failure of

Assignor to deliver to Assignee the Lease Security Deposits.

This Agreement is made without representation, warranty (express or implied) or recourse of any kind, except as provided herein or as set forth in the Sale Agreement.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement shall be governed by, and construed under, the laws of the State of New York.

IN WITNESS WHEREOF, Assignor and Assignee do hereby execute and deliver this Agreement as of the date and year first above written.

ASSIGNOR:

RMC DEVELOPMENT COMPANY, LLC,
a New York limited liability company

By:

Name:
Title:

ASSIGNEE:

CALI STAMFORD REALTY
ASSOCIATES L.P.,
a Connecticut limited partnership

By: Cali Sub XII, Inc.,
its general partner

By:
Name:
Title:

EXHIBIT NO. 10.130

AGREEMENT OF SALE

AGREEMENT made this day of January, 1998, by and between the persons and entities named and having offices at the addresses set forth on Schedule "A" attached hereto and made a part hereof (hereinafter individually called "Seller" and collectively "Sellers"), and MACK-CALI REALTY, L.P. ("Cali Realty"), a Delaware limited partnership and BURLINGTON COMMERCE REALTY ASSOCIATES L.P. ("Cali Sub"), a New Jersey limited partnership, both having an office at 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter collectively called "Purchaser" or "Purchasers").

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the mutual covenants hereinafter contained:

1. AGREEMENT TO SELL AND PURCHASE.

(a) Sellers hereby agree to sell and convey, and Purchaser hereby agrees to purchase, subject to the conditions set forth herein, those certain plots, pieces or parcels of land ("Lands"), together with all buildings and improvements located thereon, and any appurtenances or hereditaments appertaining thereto ("Improvements"), including 21 buildings containing 946,500+/- rentable square feet, located in the Townships of Burlington and Moorestown, County of Burlington and the Township

of West Deptford, County of Gloucester, State of New Jersey (hereinafter referred to collectively as the "Premises"). The Lands and Improvements are known and designated by address and by Block and Lot on the Townships' Tax Maps, as set forth on Schedule "B", attached hereto and made a part hereof, and are more particularly described on Schedule "C", attached hereto and made a part hereof. Title to a particular Property (as hereinafter defined) shall be conveyed to Cali Realty and/or Cali Sub, at Purchaser's election.

(b) This sale includes, for no additional consideration, all of the right, title and interest, if any, of Sellers in and to the following:

(i) All fixtures, equipment and articles of personal property owned by each Seller, attached to or used in the operation of each Premises to the extent that they are located on the Premises on the date hereof, which property is set forth on Schedule "D" attached hereto and made a part hereof, and any replacements or substitutions therefor and additions thereto ("Personal Property"), all trade names and fictitious names used by any Seller(s) in connection with any Premises ("Names"), and all documents, records and books of account relating to the construction, ownership, leasing, operation, management, maintenance and/or financing of any Premises, which are in the possession or control of any Seller ("Records"). All of said Personal Property, Names and Records shall be included in the deeds of conveyance, Bills of Sale and/or assignments to be

delivered at Closing (as hereinafter defined), as Purchaser may request;

(ii) Any land lying in the bed of any street, or road open or proposed in front of, adjacent to, or adjoining any Premises, to the center lines thereof, and any future award, if any, for damages to said Premises by reason of change of grade of any street and all rights of way appurtenances thereto ("Appurtenant Property"); and each applicable Seller shall execute and deliver to Purchaser, at Closing or thereafter, on demand, all proper instruments for the conveyance of such title and for the assignment and collection of any such award;

(iii) Each Premises and its related Personal Property, Records, Names and Appurtenant Property at times are referred to herein as the "Property" and collectively as the "Properties".

2. PURCHASE PRICE.

(a) The aggregate purchase price to be paid by Purchaser to all Sellers for the Properties is Fifty-Eight Million, Two Hundred Fifty Thousand ($58,250,000.00) Dollars (herein called the "Purchase Price"), subject to adjustments and prorations described herein. The cash portion of the Purchase Price shall be payable by immediately available funds in accordance with wiring instructions of Sellers.

(b) The Purchase Price shall be payable as follows:

(i) At Closing, the sum of Forty-One Million Eighty-Eight Thousand Six Hundred and Two and 06/100

($41,088,602.06) Dollars;

(ii) Title to the Properties shall be taken subject to the lien of existing mortgages described in Schedule "F" ("Existing Mortgage(s)") on which the current aggregate outstanding principal balance is Seventeen Million, One Hundred Sixty-One Thousand Three Hundred Ninety-Seven and 94/100 ($17,161,397.94) Dollars; and

(iii) If on the Closing Date (as hereinafter defined), the outstanding aggregate principal balances of the Existing Mortgages shall be less than Seventeen Million, One Hundred Sixty-One Thousand Three Hundred Ninety-Seven and 94/100 ($17,161,397.94) Dollars, the cash portion of the Purchase Price shall be increased accordingly and Purchaser shall pay any additional cash at Closing.

(c) The Purchase Price shall be allocated among the various Properties in accordance with Schedule "E" attached hereto and made a part hereof.

3. DEPOSIT.

(a) Upon the execution and delivery of this Agreement, Purchaser shall deliver to Escrow Agent (as hereinafter defined in Paragraph 3.(b) hereof) an irrevocable letter of credit in substantially the form of the letter of credit annexed hereto as Schedule "V" in the sum of Two Million ($2,000,000.00) Dollars (the "Letter of Credit").

(b) The Letter of Credit shall be deposited with Archer & Greiner, Esqs., attorneys for Sellers ("Escrow Agent"),

and shall be held by Escrow Agent in accordance with the provisions of Paragraph 26 hereof, subject to the following terms:

(i) At Closing, the Letter of Credit shall be delivered to Purchaser;

(ii) If this Agreement is terminated by Purchaser pursuant to the terms of Paragraphs 4(b), 5 or 13, the Letter of Credit shall be delivered immediately to Purchaser, without application of Paragraph 26 hereof;

(iii) If this Agreement is terminated by Purchaser for any other reason, including due to Seller's default, the Letter of Credit shall be delivered to Purchaser, subject to the terms of Paragraph 26 hereof;

(iv) If this Agreement is terminated due to Purchaser's default, the Letter of Credit shall be delivered to Seller as liquidated damages pursuant to Paragraph 18 hereof, subject to the terms of Paragraph 26 hereof.

4. MORTGAGE CONTINGENCY.

(a) This Agreement and all of Purchaser's obligations hereunder are strictly contingent upon Sellers obtaining the written consent of all mortgage holders ("Mortgagee(s)") of the Existing Mortgages and Purchaser taking title to the Properties subject to the Existing Mortgages and without recourse (except the Property encumbered by the mortgage held by First Union National Bank ("First Union"), which, absent an agreement between Purchaser and First Union to the contrary, shall be taken subject

to recourse). A schedule setting forth each Existing Mortgage, the identification of each Property encumbered thereby ("Mortgaged Premises"), the name and address of each Mortgagee, the face amount, outstanding principal balance, term, maturity date, interest rate and amount and frequency of periodic payment and the date to which payment has been made of each Existing Mortgage is attached hereto and made a part hereof as Schedule "F".

(b) In the event the aforesaid conditions shall not be satisfied on or before Closing, Purchaser shall have the right to declare this Agreement terminated and of no further force and effect, whereupon Escrow Agent shall deliver to Purchaser the Letter of Credit. Notwithstanding the foregoing: (i) if one or more Mortgagees do not consent to Purchaser taking title to a Property or Properties subject to such Mortgagees' Existing Mortgages, and if the portion of the Purchase Price allocated to the Properties encumbered by such Existing Mortgages as set forth on Schedule "E" is less than ten (10%) percent of the Purchase Price, then this Agreement shall be null and void with respect to such Property or Properties, the Purchase Price shall be reduced accordingly and the parties shall proceed to Closing hereunder with respect to all remaining Properties; and (ii) if one or more Mortgagees do not consent to Purchaser taking title to a Property or Properties subject to such Mortgagees' Existing Mortgages, and if the portion of the Purchase Price allocated to the Properties encumbered by such Existing Mortgages as set forth on Schedule

"E" is ten (10%) percent or more of the Purchase Price, then Purchaser, in addition to its rights set forth in clause (i) above, also shall have the right, by notice to Seller, to terminate this Agreement. Notwithstanding the foregoing, Seller shall have the right, by notice to Purchaser delivered within five (5) days after the date Purchaser has elected to terminate this Agreement, to negate Purchaser's termination by agreeing to pay all Existing Mortgages (including, all premiums, penalties and fees) at the Closing.

(c) Sellers shall utilize their best efforts to obtain the written consent of each Mortgagee to the following:

(i) The transfer of title of the Mortgaged Premises to Purchaser, subject to the Existing Mortgage, without recourse (except for the Existing Mortgage held by First Union), and the amount of all fees and costs (including reasonable legal fees) to be paid to each Mortgagee (including, brokers) in connection therewith ("Transfer Fees"); and

(ii) The pre-payment at or following Closing of the balance of the Existing Mortgage, including the amount of all pre-payment fees and penalties, if any, in connection therewith ("Pre-Payment Fees").

(d) Purchaser shall pay the first One Hundred Fifty Thousand ($150,000.00) Dollars on account of all Transfer Fees and Pre-Payment Fees; Sellers shall pay all Transfer Fees and Pre-Payment Fees in excess of One Hundred Fifty Thousand ($150,000.00) Dollars up to and including Two Hundred Thousand

($200,000.00) Dollars; and Purchaser shall pay all Transfer Fees and Pre-Payment Fees in excess of Two Hundred Thousand ($200,000.00) Dollars.

(e) Purchaser shall have the sole and absolute right to determine which Existing Mortgages shall be pre-paid at or following Closing and

shall pay all Pre-Payment Fees in connection therewith.

(f) To the extent that Purchaser elects to pre-pay any Existing Mortgage at Closing, the Purchase Price shall not change and Purchaser shall be required to increase the cash portion of the Purchase Price by an amount equal to the then outstanding principal balance of such Existing Mortgage (excluding, any prepayment premiums, penalties and fees), which additional cash portion shall be paid to the applicable Mortgagee and shall not increase the portion of the Purchase Price to be paid to Sellers.

(g) At Closing, each applicable Seller shall deliver to Purchaser an estoppel certificate from its Mortgagee, dated not more than thirty (30) days prior to Closing, in substantially the form attached hereto and made a part hereof as Schedule "G" ("Mortgagee Certificate(s)"), which shall include as to each Existing Mortgage, the following:

(i) the face amount of the mortgage;

(ii) the amount of the outstanding principal balance;

(iii) the maturity date;

(iv) the interest rate;

(v) the amount and frequency of periodic payments;

(vi) the date to which payments have been made; (vii) the existence of any event of default by either mortgagor or Mortgagee and/or of any circumstance which with the passage of time and/or which with the giving of notice would constitute an event of default by either mortgagor or Mortgagee, if not cured;

(viii) the amount of any escrows held by Mortgagee;

(ix) copies of any notices of default sent by Mortgagee to the applicable Seller or received from the applicable Seller; and

(x) copies of any notices sent by Mortgagee to any tenant of the Mortgaged Premises or received from any such tenant.

5. TITLE.

(a) Each Seller shall convey title to each Property which it owns and Purchaser shall accept Marketable Title (as hereinafter defined), subject only to the encumbrances set forth on Schedule "H" ("Permitted Encumbrances"). Marketable Title shall mean that fee title to each of the Properties is vested in the applicable Seller and shall be insured as such by a title company selected by Purchaser (herein referred to as the "Title Company") at standard rates, that all of the Improvements shall remain in their present location; and that Purchaser shall not

incur any damage, cost or expense resulting from any encroachment or overlap affecting any of the Properties. Title Company shall certify that the applicable Seller has the right, authority and power to enter into and to perform its obligations hereunder. The legal description in the Binders (as hereinafter defined) and in the Deeds (as hereinafter defined) shall be in accordance with current surveys or existing surveys with accompanying survey affidavits from the applicable Seller, satisfactory to Title Company and Purchaser.

(b) Purchaser, at its cost and expense, shall order title insurance binders and current surveys for each Property (herein referred to as the "Binders" and "Surveys" respectively) and prior to the expiration of the Due Diligence Period shall deliver to Sellers' attorney notice of any objections to title and/or the Surveys which are not Permitted Encumbrances. After the execution hereof, no further liens, encumbrances, easements or restrictions shall be created or filed ("Subsequent Encumbrances") on or with respect to any of the Properties. Each Survey shall include the information set forth on Schedule "I" attached hereto and made a part hereof and each Binder, at the request of Purchaser, shall contain the following endorsements so that at Closing, Title Company will issue Owner's Policies of Title Insurance (American Land Title Association Owner's Policy - 1992, or equivalent, in Purchaser's sole judgment), in the full amount of the allocated Purchase Price for each Property (the "Title Policy" or "Title Policies"):

(i) a zoning endorsement certifying that the insured Property is not subject to any ordinance, regulation or restriction which in any way would prohibit or restrict the construction, maintenance and/or use of the insured Property for its present use;

(ii) an endorsement insuring contiguity between or among all of the tracts or parcels of land comprising the insured Property;

(iii) an endorsement deleting any coverage exclusions with respect to creditor's rights; and

(iv) an endorsement affirmatively insuring access to public streets, highway and roadways.

If any Binder discloses any exceptions, liens, encumbrances, defects or objections other than the Permitted Encumbrances or if, after execution hereof, a Subsequent Encumbrance shall be placed against any of the insured Property (herein collectively called the "Title Defect(s)"), then Purchaser shall have the right to: (i) require Sellers to use best efforts to cure any such Title Defects provided that the cost to cure such Title Defects together with the Costs of Compliance (as hereinafter defined) do not exceed the Environmental Threshold (as hereinafter defined) (except that Sellers shall be obligated to

cure any Title Defects which can be removed solely by the payment of a sum of money); (ii) attempt to cure any such Title Defect; (iii) accept such title as Sellers shall be able to convey and proceed to Closing without reduction in the Purchase Price; (iv)

cause a title report and title insurance policy to be issued by another title company without such Title Defect; (v) elect not to purchase such insured Property and to proceed to purchase the remaining Properties, in which event, the Purchase Price shall be reduced by an amount based on the allocation of the Purchase Price set forth on Schedule "E", provided, however, if Seller gives notice to Purchaser within five (5) days after Purchaser's election under this subparagraph (v) that Seller intends to cure such Title Defects and thereafter cures such Title Defects in accordance with the terms of this Agreement within thirty (30) days after receipt of notice from Purchaser of its election under this subparagraph (v), then such Property shall be included in the sale pursuant to the terms of this Agreement; and/or (vi) if the portion of the Purchase Price allocated to the Properties affected by Title Defects is ten (10%) percent or more of the Purchase Price, declare this Agreement null and void, whereupon Purchaser shall be entitled to the return of the Letter of Credit; provided, however, if Seller gives notice to Purchaser within five (5) days after Purchaser's election under this subparagraph (vi) that Seller intends to cure such Title Defects and thereafter cures such Title Defects in accordance with the terms of this Agreement within thirty (30) days after receipt of notice from Purchaser of its election under this subparagraph (vi), then Purchaser's notice of termination shall be deemed rescinded. The right of Purchaser to terminate this Agreement may be exercised following the exercise of its other rights

hereunder. The time of Closing shall be extended for a period of up to sixty (60) days, if necessary, to permit Purchaser to pursue the exercise of its rights hereunder.

(c) If at Closing there are liens or encumbrances against any of the Properties other than Permitted Encumbrances, Sellers may use any portion of the cash Purchase Price to satisfy same, provided Sellers, at Closing, either shall: (1) deliver to Purchaser instruments in recordable form sufficient to satisfy such liens or encumbrances of record, together with the cost of recording or filing said instruments; or (2) deposit with Title Company sufficient monies acceptable to Title Company to insure obtaining and recording of such satisfactions and the issuance of a Title Policy for such Property to Purchaser free and clear of any such liens or encumbrances, but only to the extent that such liens or encumbrances are in favor of and held by institutional lenders. The existence of any such liens or encumbrances shall not be deemed objections or exceptions to title if Sellers shall comply with the foregoing requirements.

(d) If a search of title discloses judgments, bankruptcies or other returns against other persons or entities having names the same as or similar to that of any Seller or any predecessor in title, such Seller, on request, shall deliver to Title Company, an affidavit showing that such judgments, bankruptcies or other returns are not against such Seller or such predecessors in interest of such Seller.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Sellers acknowledge that all representations and warranties set forth in this Agreement presently are true and accurate and shall remain true and accurate as of the Closing Date, it being acknowledged that Purchaser is relying on all of said representations and warranties, and that each of the representations and warranties set forth in this Agreement is of the essence hereof, notwithstanding any investigation, review, examination or other acts or conduct of Purchaser, its agents or representatives relating to or in connection with, any representation or warranty contained in this Agreement. In addition to any other representations, warranties and/or covenants contained in this Agreement, Sellers make the following additional representations, warranties and/or covenants:

(A) Schedule "A" sets forth the correct and full name, address, form of entity and state of formation (if applicable) of each Seller and each Seller is fee owner of the Premises set forth opposite its name, subject only to the Permitted Encumbrances;

(B) Sellers have delivered to Purchaser true, correct and complete copies of any applicable certificate of incorporation, certificate of formation, certificate of limited partnership, trade name certificate, Shareholders' Agreement, Operating Agreement, Limited Partnership Agreement, Partnership Agreement, Trust Agreement, By-Laws and all other governing documents of each Seller entity and each participant of each Seller entity or participant (as applicable) (referred to herein

singularly and collectively as "Organizational Document(s)");

(C) Each Seller is duly organized, validly existing and in good standing in its state of formation and is in good standing in New Jersey, has the right and authority to execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing this Agreement and all other applicable documents on behalf of each Seller have the right, power and authority to do so. Sellers shall provide Purchaser true copies of their authority and appropriate resolutions ("Sellers' Resolutions") ratifying Sellers' entering into this Agreement, and authorizing Sellers' sale of the Properties to Purchaser in accordance with the terms of this Agreement;

(D) Each Seller owns and shall convey to Purchaser its fixtures, Personal Property, Names and Records, free and clear of all liens and encumbrances, except for the Permitted Encumbrances;

(E) Schedule "F" sets forth the correct name and address of each Mortgagee and all of the information set forth in Schedule "F" is true, complete and accurate. No party to any Existing Mortgage is in breach or default thereunder, and nothing has occurred which with the passage of time and/or with the giving of notice could constitute a breach or default thereunder. Sellers previously have delivered to Purchaser, or within ten (10) days from the date hereof shall deliver to Purchaser, true and complete copies of all Existing Mortgages, all notes or other

evidence of indebtedness secured by each Existing Mortgage, all other collateral delivered to each Mortgagee and all other documentation in connection therewith ("Loan Documents"). No Seller shall extend or modify any Loan Document(s) nor request any Mortgagee to waive any of the terms thereof, without in each instance, the prior consent of Purchaser;

(F) Sellers have no knowledge of and have not received any notice(s) of, any violations of law, code, ordinances, rule, regulation or requirements noted in or issued by any governmental department having authority with respect to any of the Properties, except as otherwise provided herein. Sellers shall deliver to Purchaser true copies of any such notice(s) received after the date hereof, forthwith on receipt thereof, and each such notice shall be complied with by Sellers, at their sole cost and expense, prior to Closing, or as otherwise agreed upon between the parties;

(G) Schedule "J" annexed hereto and made a part hereof contains a complete and accurate statement of all tenants who are occupying space at each Property as of the date of this Agreement ("Tenant(s)"), each of whom is in occupancy pursuant to a written lease agreement (referred to herein collectively as "Leases" and individually as a "Lease"). As to each Property, Schedule "J" contains: (i) the complete and accurate name of each Tenant; (ii) the commencement date of each Lease; (iii) the termination date of each Lease; (iv) the renewal, extension or other rights or options, if any, for existing, additional and/or

other space granted by each Lease, and whether said rights or options have been exercised; (v) the current base rent being paid by each Tenant; (vi) the current additional rent being paid by each Tenant (itemized); (vii) the date the last base and additional rent were paid by each Tenant and the period covered by said payment; (viii) the amount of the security deposit being held by the applicable Seller, if any, for each Tenant and the amount of interest accrued thereon, if interest is required to be paid to any Tenant; (ix) any future concession, rebate, allowance, free rent period or other considerations; (x) any right of each Tenant to purchase or acquire an ownership interest in all or any portion of the Property; and (xi) any breach or default by landlord or Tenant in accordance with the provisions of subparagraph (I) below. There are no tenants, licensees, concessionaires or other occupants of any of the Properties except for Tenants set forth on Schedule "J". At the Closing, Sellers will provide Purchaser with an updated Schedule "J" and the terms "Tenant(s)" and "Lease(s)" shall include those created after the date hereof, as applicable. At the Closing, each Seller will assign to Purchaser, and Purchaser will assume from each Seller, all of the applicable Seller's interest in the Leases and the security deposits, by execution and delivery of the assignment and assumption of leases ("Assignment and Assumption of Leases") in the form annexed hereto and made a part hereof as Schedule "K". At the Closing, the parties agree to execute letters notifying all Tenants of the sale of the

Properties to Purchaser ("Tenant Notice") in the form annexed hereto and made a part hereof as Schedule "L";

(H) True and complete copies of the Leases and all amendments or modifications thereto have been given to Purchaser for each Tenant listed on Schedule "J". There are no amendments or modifications to the Leases which have not been provided to Purchaser;

(I) The Leases are in full force and effect. Neither the applicable Seller nor, except as set forth on Schedule "J", any Tenant is in breach or default of its Lease obligations, and to the best of Seller's knowledge, nothing has occurred which, with the passage of time and/or with the giving of notice, might result in the applicable Seller or any Tenant being in breach or default of its Lease obligations;

(J) All obligations of the applicable Seller pursuant to the Leases with respect to performance of work or installation of equipment in all respects have been completed;

(K) No Tenant is entitled to receive or has been offered or given any free rent, rent concessions, rebates, allowances or other considerations which would be effective for any period after the date of this Agreement, except as set forth in the Leases listed on Schedule "J", and no Tenant has made a claim for any of the foregoing, except as otherwise herein provided;

(L) To the best of Seller's knowledge, there are no claims, offsets or charges asserted by any Tenant against

rent, security deposit or any other payment to be made by such Tenant;

(M) No person or entity, other than the aforesaid

Tenants or any future tenant pursuant to a lease entered into in the ordinary course of business in accordance herewith, has or shall have any right to use, utilize or occupy any Property or any part thereof, either as a tenant or otherwise;

(N) Sellers shall obtain and deliver to Purchaser, on or before the Closing, a duly executed estoppel certificate ("Estoppel Certificate") in the form annexed hereto as Schedule "M" dated not more than fifteen (15) days prior to Closing, from each Tenant occupying more than six thousand (6,000) square feet of space within any Property and from seventy-five (75%) percent of the remaining Tenants of each Property;

(O) From and after the date of this Agreement, without Purchaser's prior consent, which consent shall not be unreasonably withheld or delayed, no Seller shall: (i) accept prepayment of rent more than one month in advance from any Tenant; (ii) grant any free rent, rent concession, rebate, allowance or other consideration; (iii) modify or amend any Leases; (iv) accept the surrender of any Leases (except for such Leases as may terminate pursuant to their present terms); or (v) enter into any new leases or other occupancy, license or concession arrangements with Tenants or any other person or entity for the use of any portion of the Property;

(P) Except as otherwise provided herein in Schedule "N" annexed hereto, there are no brokerage commissions or other fees due in connection with the rental of any space at any of the Properties, there will be no obligation for such commissions or fees due at the Closing, and there will be no obligations for such commissions or fees due after the Closing, including, without limitation, any obligation to pay commissions or fees in connection with the renewal or extension of the term of any Leases. All brokerage commissions in connection with the leasing of any space in any of the Properties, whether due prior to Closing or thereafter, on account of the continued occupancy by any Tenant for the lease term in effect at Closing, shall be paid by Sellers at Closing or allowed as a credit against the Purchase Price by Sellers at Closing. All brokerage commissions in connection with the leasing of any space in any of the Properties on account of any unexercised renewal, extension or taking of other space at the time of Closing shall be paid by Purchaser. Each party shall indemnify, defend and hold the other harmless from and against any and all costs and liabilities incurred by such party as a result of the falsity of the aforesaid representation or the breach of the aforesaid obligation;

(Q) Schedule "X" annexed hereto and made a part hereof sets forth a list of all Certificates of Occupancy relating to the Properties which are in the possession or control of Sellers. All such Certificates of Occupancy have been

delivered to Purchaser or shall be delivered to Purchaser within ten (10) days from the date hereof. At Closing, each Seller shall deliver to Purchaser an assignment (to the extent lawfully assignable) of all of its right, title and interest in: (i) any existing Certificate of the Board of Fire Underwriters covering each Property; (ii) any permits or licenses it may have pertaining to each Property; (iii) all available site and building plans and specifications relating to each Property; and (iv) all available Certificates of Occupancy;

(R) All existing guarantees and warranties which each Seller has received from contractors, subcontractors, manufacturers, materialmen, distributors, sellers or others, regarding all or any portion of the Property ("Guarantees") are set forth on Schedule "O" attached hereto and made a part hereof. At Closing, each Seller shall assign to Purchaser all of its right, title and interest in and to all Guarantees;

(S) All service, maintenance, vending, concession, license, agency or other agreements affecting the Property or the operation thereof ("Contract(s)") will be in force at the Closing and a true and complete list of all Contracts are set forth on Schedule "P" annexed hereto and made a part hereof. True copies of all Contracts have been delivered to Purchaser or shall be delivered to Purchaser within ten (10) days of the date hereof. Any or all such Contracts, upon Purchaser's request, shall be assigned by the applicable Seller to Purchaser at Closing and all Contracts are cancelable on not more than

thirty (30) days' notice. On request of Purchaser, Sellers shall cancel any or all of such Contracts as of the Closing Date. Between the date hereof and the Closing, no Seller shall renew, extend, modify or terminate any of said Contracts or enter into any other contract and/or agreement affecting the Property or the operation thereof without the consent of Purchaser in each instance first being obtained. No party to any Contract is in breach or default thereunder, and to Seller's knowledge, nothing has occurred which with the passage of time and/or with the giving of notice could constitute a breach or default thereunder;

(T) There are no, and at the time of Closing there shall not be any, employment, collective bargaining or union agreements affecting the Properties or the operation thereof or any deferred income or retirement plans in effect;

(U) There are no actions, suits, labor disputes, litigation or proceedings ("Action(s)") pending or, to the knowledge of Sellers, threatened against or affecting any Seller or any of the Properties, the environmental condition thereof or the operation thereof at law or in equity or before any federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality, nor do Sellers have knowledge of any

basis for any such Action, which, if determined adversely to any Seller, in any way would affect the Property or the operation thereof other than as set forth on Schedule "R" annexed hereto and made a part hereof. None of the Actions listed on Schedule "R" nor any subsequent Actions will be settled, either

prior to or after Closing, without Purchaser's consent, nor will any Seller take any material actions in connection therewith without first notifying Purchaser;

(V) None of Sellers has nor prior to Closing shall: make a general assignment for the benefit of creditors; file a voluntary petition in bankruptcy; be by any court adjudicated a bankrupt; take the benefit of any insolvency act; be dissolved or liquidated, voluntarily or involuntarily; or have a receiver or trustee appointed in any proceedings;

(W) Sellers have no knowledge and have received no notice of any application for any zoning change or pending zoning ordinance or amendment, which would affect any of the Properties;

(X) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which any Seller is a party or by which any Seller is bound or as to which any of its assets is subject;

(Y) No Seller has entered into any commitment or any agreement or understanding with any municipality, county, state or federal government agency or authority which would require the installation of any improvements or the incurring of any cost or expense affecting any of the Properties or otherwise;

(Z) Each Seller presently maintains and shall continue to maintain until Closing policies of insurance in

accordance with Schedule "S" attached hereto and made a part hereof;

(AA) No Seller has any knowledge of any Federal, State or local plans to change the highway or road system in the vicinity of any of the Properties or to restrict or change access from any such highway or road to any of the Properties or of any pending or threatened condemnation of any of the Properties or any part thereof or of any plans for improvements which might result in a special assessment against any of the Properties;

(BB) No services, material or work have been supplied by any Seller's contractors, subcontractors or materialmen with respect to any of the Properties for which payment has not been made in full. If, subsequent to the Closing Date, any mechanic's or other lien, charge or order for the payment of money shall be filed against any of the Properties or against Purchaser or Purchaser's assigns, based upon any act or omission, or alleged act or omission before or after the Closing Date, of any Seller, its agents, servants or employees, or any contractor, subcontractor or materialmen connected with the construction and completion by any Seller of improvements at any of the Properties, or repairs made to any of the Properties by or on behalf of any Seller (whether or not such lien, charge or order shall be valid or enforceable as such), within ten (10) days after notice to Sellers of the filing thereof, Sellers shall take such action, by bonding, deposit, payment or otherwise, as will remove or satisfy such lien of record against such Property;

(CC) Each Seller has provided Purchaser with all reports and documents set forth on Schedule "Q", which are all of the Environmental Documents (as defined in Paragraph 14.(g)(iv) hereof) in its possession or under its control related to the physical condition of its respective Property. In addition, each Seller has provided Purchaser with all books and records necessary for Purchaser to conduct its due diligence of such Property;

(DD) No Seller has knowledge of any notices, suits, investigations or judgments relating to any violations of any laws, ordinances or regulations affecting the Property, (including, without limitation, Environmental Laws [as defined in Paragraph 14.(g)(v) hereof]), or any violations or conditions that may give rise thereto, and has no reason to believe that any "Governmental Authority" (as defined in Paragraph 14.(g)(vi) hereof) contemplates the issuance thereof, and there are no outstanding orders, judgments, injunctions, decrees, directives or writ of any Governmental Authority against or involving any Seller or any of the Property;

(EE) Except as disclosed on Schedule "T" attached hereto and made a part hereof:

(1) and except as disclosed in the environmental reports set forth on Schedule "Q", to the best of Seller's knowledge, there are no Contaminants (as defined in Paragraph 14.(g)(i) hereof) on, under, at, emanating from or affecting any of the Properties, except those in compliance with

all applicable Environmental Laws;

(2) and except as disclosed in the environmental reports set forth on Schedule "Q", no Seller, nor to any Seller's knowledge, any current occupant, any prior owner or occupant, of any Property has received any Notice (as defined in Paragraph 14.(g)(ix) hereof) or advice from any Governmental Authority or any other third party with respect to Contaminants on, under, at, emanating from or affecting any of the Property and, to each Seller's knowledge, no Contaminants have been Discharged (as defined in Paragraph 14.(g)(ii) hereof) which would allow a Governmental Authority to

demand that a cleanup be undertaken;

(3) no portion of any Property has ever been used by any Seller or, to any Seller's knowledge, any former owner or current or former occupant to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other third party with respect thereto in violation of Environmental Laws;

(4) no portion of any Property now is or, to any Seller's knowledge, ever has been used as a Major Facility (as defined in Paragraph 14.(g)(vii) hereof) and no Seller shall use, nor permit use of any portion of the Property for that purpose;

(5) no Seller has transported any

Contaminants, nor to any Seller's knowledge has any current or former occupant or former owner transported Contaminants from any Property to another location which was not done in compliance with all applicable Environmental Laws;

(6) no ss. 104(e) informational request has been received by Seller issued pursuant to CERCLA (as defined in Paragraph 14.(g)(i) hereof);

(7) to the best of Seller's knowledge, there is no asbestos or asbestos containing material in any friable state or otherwise in violation of Environmental Laws on any of the Properties;

(8) to the best of Seller's knowledge, all transformers and capacitators containing polychlorinated biphenyls ("PCBs"), and all "PCB Items", as defined in 40 C.F.R. ss. 761.3, located on or affecting any Property are identified in Schedule "AA" and are in compliance with all Environmental Laws;

(9) to the best of Seller's knowledge, there are no above ground storage tanks or Underground Storage Tanks (as defined in Paragraph 14.(g)(xi) hereof) at any of the Properties, regardless of whether such tanks are regulated tanks or not;

(10) to the best of Seller's knowledge, all pre-existing above ground storage tanks and Underground Storage Tanks at all of the Properties have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(11) to the best of Seller's knowledge, none of the Properties has been used as a sanitary landfill facility as defined in the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq.;

(12) each Seller and, to the best of Seller's knowledge, each occupant of each Property have all environmental certificates, licenses and permits ("Permit") required to operate the Property and there is no violation of any statute, ordinance, rule, regulation, order, code, directive, or requirement, including, without limitation, Environmental Laws, with respect to any Permit, nor any pending application for any Permit;

(13) None of the Improvements located on the Properties have been constructed or installed in violation of any wetlands regulations administered by the United States of America, Army Corps of Engineers, the Environmental Protection Agency or NJDEP (as defined in Paragraph 14.(g)(viii) hereof);

(14) there are no federal or state liens as referred to under CERCLA or the Spill Act (as defined in Paragraph 14.(g)(i) hereof) that have attached to any of the Properties;

(15) no Seller in the past has and does not now own, operate or control any Major Facility;

(16) no Seller has nor to the best of Seller's knowledge has any Seller permitted any occupant to engage in any activity on the Property in violation of Environmental Laws;

(17) to the best of Seller's knowledge, all of the Properties are in material compliance with Environmental Laws;

(18) to the best of Seller's knowledge, there are no engineering or institutional controls at any of the Properties, including without limitation, any deed notice, declaration of environmental restriction, groundwater classification exception area or well restriction area pursuant to N.J.S.A. ss. 13:1E-56 or N.J.S.A. 58:10B-13; and

(19) to the best of Seller's knowledge, the Freshwater Wetlands Exemption Letter (the "Letter") attached hereto and made a part hereof as Schedule "U", dated June 13, 1990, with respect to the Properties referred to therein, is in full force and effect; all of the terms of the Letter have been complied with in full; and NJDEP has no right to void the Letter on the basis that the terms have not been complied with in full. Notwithstanding any contrary provision in this Agreement concerning the survival of representations and warranties, this representation and warranty shall survive the Closing without limitation.

(b) Purchaser hereby represents, warrants and covenants the following:

(A) Burlington Commerce Realty Associates, L.P.

is a limited partnership of the State of New Jersey and Mack-Cali Realty, L.P. is a limited partnership of the State of Delaware, and each is in good standing, has the right and authority to

execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing this Agreement and all other applicable documents on behalf of Purchasers, have the right, power and authority to do so;

(B) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Purchaser is a party or by which it is bound or as to which any of its assets is subject; and

(C) Purchaser shall provide Sellers true copies of authorization ("Purchaser's Authorization") authorizing or ratifying Purchaser's entering into this Agreement and authorizing Purchaser's purchase of all of the Properties from Sellers in accordance with the terms of this Agreement.

(c) In the event that either party knows or learns that any of the representations contained in this Agreement are false or no longer are true and accurate, such party forthwith shall deliver notice of such fact to the other party, and the other party shall proceed diligently to cure or remedy such misrepresentations. In the event that such misrepresentations cannot or shall not be cured within thirty (30) days following delivery of notice thereof, then the notifying party shall have the right either (i) to elect, nevertheless, to close title to the Properties in accordance with the provisions of this Agreement, (ii) to elect not to purchase the Property or Properties affected by the misrepresentation and proceed with the

purchase of the remaining Properties, in which event, the Purchase Price shall be reduced by an amount based on the allocation of the Purchase Price set forth on Schedule "E", or (iii) to declare this Agreement null and void, by notice delivered to the non-curing party. The termination of this Agreement pursuant to this Paragraph 6 shall not release the misrepresenting party from any liability it may otherwise have to the other party by reason thereof.

(d) Whenever in this Paragraph 6, a representation and/or warranty is made to the knowledge of any Seller, knowledge of such Seller shall mean the actual knowledge of William G. Price Jr. and/or John S. McGarvey, without any independent investigation other than reviewing the applicable representation and/or warranty.

(e) The representations and warranties made by Sellers in Paragraphs 6(D), (G), (H), (J), (M), (P), (X), (Y), (AC), (AD), and (AE) shall survive the Closing for the applicable statute of limitations. The representations and warranties made by Sellers in Paragraphs 6(A), (B), (C), (E), (F), (I), (K), (L), (N), (O), (Q), (R), (S), (T), (U), (V), (W), (Z), (AA), and (AB) shall survive the Closing for a period of one (1) year; provided, however, that no claims for indemnification under Paragraphs 6(A), (B), (C), (E), (F), (I), (K), (L), (N), (O), (Q), (R), (S), (T), (U), (V), (W), (Z), (AA) and (AB) with respect to a breach of any representation or warranty referred to above in this sentence may be maintained by Purchaser unless Purchaser shall

have delivered notice to Sellers specifying the nature of such claim, which notice shall be delivered on or before the date which is one (1) year after the Closing Date (the "Survival Date"). Upon the giving of such notice as aforesaid, Purchaser shall have the right to commence legal proceedings prior or subsequent to the Survival Date for the enforcement of its rights under this Agreement. The representations and warranties made by Purchaser in Paragraph 6 shall not survive the Closing. Sellers shall not be liable to Purchaser for the first Ten Thousand ($10,000.00) Dollars of damages suffered by Purchaser in the aggregate with respect to the Properties on account of breaches of any representations or warranties by Sellers hereunder, including reasonable professional fees and costs incurred as a result thereof, nor for any damages in excess of One Million One Hundred Sixty-Five Thousand ($1,165,000.00) Dollars; provided, however, that the limitations set forth in this sentence shall not apply to damages suffered by Purchaser on account of breaches of the representations or warranties set forth in Paragraphs 6(P), 6(AC), 6(AD), 6(AE), 14 and 17. Purchaser shall not be liable to Sellers for the first Ten Thousand ($10,000.00) Dollars of damages suffered by Sellers in the aggregate on account of breaches of any representations or warranties made by Purchaser hereunder, including reasonable professional fees and costs incurred as a result thereof, nor for any damages in excess of One Million One Hundred Sixty-Five Thousand ($1,165,000.00) Dollars.

7. LEASES AND TENANCIES.

(a) If any claim is made against Purchaser by any Tenant asserting an offset against rent or otherwise, including any rent over-charges or failure to provide services, with respect to any matter which arose prior to Closing, Sellers shall indemnify and hold Purchaser harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Purchaser in connection thereof. After Purchaser shall receive notice of a claim that may give rise to an indemnity hereunder, Purchaser shall notify Seller; provided, however, the failure to give any notice shall not relieve Sellers from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Purchaser with respect to which Sellers may have liability under the indemnity agreement contained in this Paragraph 7.(a), the claim may, upon

written agreement of Sellers that they are obligated to indemnify against the particular claim under the indemnity agreement contained herein, be settled by Sellers with the prior written consent of Purchaser, which shall not be unreasonably withheld.

(b) Purchaser shall assume the Leases following the Closing and shall indemnify and hold Sellers harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by the applicable Seller arising from any claim by a Tenant in respect to any obligation to Tenant assumed by Purchaser or any advance rental

credited to Purchaser. After Sellers shall receive notice of a claim that may give rise to an indemnity hereunder, Sellers shall notify Purchaser; provided, however, the failure to give any notice shall not relieve Purchaser from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Sellers with respect to which Purchaser may have liability under the indemnity agreement contained in this Paragraph 7.(b), the claim may, upon written agreement of Purchaser that it is obligated to indemnify against the particular claim under the indemnity contained herein, be settled by Purchaser with the prior written consent of Sellers, which shall not be unreasonably withheld.

(c) Sellers agree not to apply or return any security deposit in whole or in part between the date hereof and Closing, except for a Tenant who has vacated the Property or for Leases expiring prior to Closing. At the Closing, each Seller shall turn over to Purchaser all Tenant security deposits plus any interest earned thereon for the benefit of Tenant together with an updated Schedule "J". Sellers shall indemnify Purchaser for any claims made, suits commenced or judgments entered in connection with the security deposits for the period through the Closing Date and Purchaser shall indemnify the applicable Seller for any claims made, suits commenced or judgments entered into in connection with all security deposits for the period subsequent to the Closing Date.

(d) After the date hereof, Seller shall be permitted

to lease the Properties subject to and in accordance with the following:

(i) Seller shall interview prospective tenants, make credit and reference checks of prospective tenants and furnish such information to Purchaser;

(ii) the proposed tenant shall be a reputable entity with sufficient financial means to perform all of its obligations under the proposed lease;

(iii) all leases shall be written and be in substantially the form of lease approved by Purchaser;

(iv) all leases shall be the result of arms'-length negotiations, shall provide for "market" rental rates and other market terms (and shall not contain any terms which would adversely affect Purchaser's REIT qualification); and

(v) Seller shall obtain Purchaser's prior written consent to each lease before executing same.

8. CLOSING.

(a) Closing shall occur at 10:00 a.m. at the offices of Archer & Greiner, One Centennial Square, Haddonfield, New Jersey on January 28, 1998, or at such other date, time and/or place as the parties may agree upon; provided, however, that if such date shall be a Saturday, Sunday or legal holiday, then Closing shall take place on the first business date thereafter (herein referred to as the "Closing" and the "Closing Date" respectively).

(b) At Closing, the following shall be executed and/or

delivered:

(i) By Sellers:

(A) The Deeds [as hereinafter described in subparagraph (c)];

(B) Each Seller's certification that the representations and warranties set forth in this Agreement are true and accurate as of the Closing;

(C) Each Seller's affidavit of title, the form and substance of which shall be subject to the reasonable approval of Title Company and Purchaser's attorneys;

(D) Sellers' Resolutions;

(E) Bill(s) of Sale and/or assignments if so requested by Purchaser;

(F) The Assignment and Assumption of Leases together with schedules of security deposits paid by Tenants and any applications thereof made by each Seller. At Closing, Sellers shall pay to Purchaser by separate certified check or allow as a credit against the Purchase Price, the aggregate amount of all security deposits held under Leases;

(G) The original Leases and all amendments, modifications and guarantees thereto, and all brokerage commission agreements;

(H) The Tenant Notice to Tenants;

(I) Survey affidavit(s), if so requested by Purchaser;

(J) Certifications of non-foreign status in

accordance with Internal Revenue Code Section 1445, as amended;

(K) Keys to all doors to, and equipment and utility rooms located in all of the Properties, which keys shall be properly tagged for identification;

(L) An endorsement to all transferable insurance policies, if any, approved by Purchaser, naming Purchaser as the party insured, together with the original of each such policy;

(M) A complete set of as-built plans and specifications and permanent certificates of occupancy for each building and improvement comprising a part of the Property, which are in the possession or control of Sellers;

(N) All original licenses and permits pertaining to all of the Properties and required for the use or occupancy thereof, together with a duly executed assignment thereof to Purchaser;

(O) True and complete Records;

(P) All Guarantees and Contracts, together with a duly executed assignment thereof to Purchaser;

(Q) ISRA Approval (as hereinafter defined in Paragraph 14.(a) hereof);

(R) Mortgagee Certificates;

(S) Mutually satisfactory closing statement;

(T) The Estoppel Certificates;

(U) An estoppel certificate from the Developer or Developer's successor under that certain Declaration

of Protective Covenants, Easements and Restrictions for Bromley at Burlington, recorded in the Burlington County Clerk's Office in Book 3317 at Page 145, as amended by Amendment recorded in Book 4098 at Page 133 (the "Declaration"), which estoppel certificate shall include the following: (1) such party is the Developer under the Declaration; (2) that the Premises known as 3 Terri Lane and 5 Terri Lane, Burlington, New Jersey, and all improvements constructed thereon have received all requisite approvals required under the Declaration and fully comply with the Declaration; (3) the pro-rata share of Assessments attributable to each Premises; (4) that all Assessments levied against the Premises have been paid; and (5) the Repurchase Option set forth in Section 10.09 of the Declaration has expired and is no longer exercisable against either Premises;

(V) An easement in and over Terri Lane, for the passage of pedestrian and vehicular traffic to and from 3 and 5 Terri Lane and publicly dedicated roadways, for the benefit of such Property;

(W) An amendment to the Declaration, duly executed by each of the persons and entities owning property within Bromley at Burlington, in recordable form, deleting all references to the Successor Corporation (as defined in the Declaration) or to any association of which owners are members and otherwise in form satisfactory to Purchaser;

(X) Releases in favor of Purchaser from

Jackson Cross for any and all claims whatsoever for commissions or other fees for the transactions contemplated by this Agreement, the T & N Agreement (as hereinafter defined) and the Agreement of Sale (as hereinafter defined) in form reasonable acceptable to Purchaser to the extent Seller, after using its best efforts, is able to obtain;

(Y) The Westampton Memorandum (as hereinafter defined);

(Z) Such other items to be provided to Purchaser pursuant to this Agreement; and

(AA) Such other instruments as reasonably may be required by Purchaser's counsel or the Title Company to effectuate this transaction.

(ii) By Purchaser:

(A) The Purchase Price;

(B) The Assignment and Assumption of Leases;

(C) Tenant Notices to Tenants;

(D) Mutually satisfactory closing statement;

(E) Such other items to be provided to Sellers pursuant to this Agreement; and

(F) Such other instruments as reasonably may be required by Sellers' counsel to effectuate this transaction.

(c) The deeds ("Deeds") to be delivered at Closing shall be Bargain and Sale Deeds with covenants against grantors' acts, in proper form for recording so as to convey to Purchaser good, marketable and insurable fee simple title to the Property

in accordance herewith.

(d) The words "Closing", "title closing", "Closing of title", "delivery of deed" and words of similar import are used interchangeably in this Agreement, as the sense of text indicates, to mean the event of consummation of this sale in accordance with the terms of this Agreement.

9. CLOSING ADJUSTMENTS.

(a) The following are to be apportioned as of the Closing Date:

(i) real property taxes;

(ii) water rates and charges;

(iii) sewer taxes and rents;

(iv) all base rent payments;

(v) common area and other additional rent charges, if any;

(vi) fuel oil on hand, determined at Sellers' cost;

(vii) insurance premiums on transferable policies, if any, approved by Purchaser;

(viii) annual license, permit and inspection fees, if any, provided that the applicable Seller's rights thereunder (or with respect thereto) are transferable to Purchaser; and

(ix) charges and/or association fees or other costs under any declaration, easement agreement or other instrument encumbering or binding upon the Property.

(b) (i) Apportionment of real property taxes, water rates and charges and sewer taxes and rents shall be made on the basis of the fiscal year for which assessed solely to the extent actually received by Sellers from Tenants or actually paid or payable by Sellers. If the Closing Date shall occur before any or all of the foregoing are fixed, the apportionment of real property taxes shall be made on the basis of the tax rate for the preceding year applied to the latest assessed valuation. After the final real property taxes, water rates and charges and sewer taxes and rents are fixed, Sellers and Purchaser shall make a recalculation of the apportionment of same, and Sellers or Purchaser, as the case may be, shall make an appropriate payment to the other based on such recalculation.

(ii) If at the time for the delivery of the Deeds, any of the Premises or any part of any of them shall be or shall have been affected by an assessment or assessments (including special and/or added) which are or may become payable in annual installments of which the first installment is then due or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the applicable Deed for the affected Premises, shall be deemed to be due and payable and to be liens upon such Premises affected thereby and shall be paid and discharged by Seller upon the delivery of the Deed for the Premises. If any assessment with respect to any Premises is unconfirmed at the time of Closing, or if subsequent to Closing

any assessment, including special or added, is determined to be incorrect, then, immediately after the amount of the assessment has been established, or the confirmed assessment corrected as a result of a prior error, Seller shall make an appropriate payment to Purchaser within ten (10) days of the tax assessor's calculation of the assessment. Notwithstanding the foregoing , if Tenants of any Premises are obligated under a written lease for the payment of the entire assessment (confirmed and/or unconfirmed), then with respect to such assessment, Purchaser shall seek payment from the Tenants, and any assessment not otherwise the obligation of the Tenants shall be the obligation of Seller. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligation under this Paragraph 9(b)(ii).

(c) If there shall be any water meters on any of the Properties (other than meters measuring water consumption costs which are the obligation of Tenants to pay), Sellers shall furnish readings to a date not more than ten (10) days prior to the Closing Date, and the unfixed water rates and charges and sewer taxes and rents, if any, based thereon for the intervening time, shall be apportioned on the basis of such last readings.

(d) The amount of unpaid taxes, assessments, water charges and sewer rents which Sellers are obligated to pay and discharge, with interest and penalties thereon to the fifth (5th)

day after the Closing Date, at the option of Sellers, may be allowed to Purchaser out of the cash portion of the Purchase Price, provided that official bills therefor with interest and penalties thereon are furnished by Sellers at the Closing.

(e) If any refund of real property taxes, water rates and charges or sewer taxes and rents is made after the Closing Date for a period prior to the Closing Date, the same shall be applied first to the costs incurred in obtaining same and second to the refunds due to Tenants by reason of the provisions of their respective Leases. The balance, if any, of such refund shall be paid to Sellers (for the period prior to the Closing Date) and Purchaser (for the period commencing with the Closing Date).

(f) To the extent that any Seller receives rent payments after the Closing Date for any period from and after the Closing Date, the same shall be held in trust and immediately paid to Purchaser.

(g) All rent payments received by Sellers or Purchaser after Closing shall be applied firstly against rents due and owing by such Tenant for the periods from and after Closing and thereafter against rents due and owing prior to Closing in inverse order of due date; provided, however, with respect to the Tenant's listed on Schedule "J-1" ("Late Tenants"), if at Closing there are past-due rents owed by Late Tenants for a period not to exceed the two (2) months prior to the Closing Date (the "Arrearages"), then the rent payments received by Sellers or

Purchaser with respect to such Late Tenants on account of Arrearages after Closing shall be applied first against out-of-pocket costs of collection, then to such Arrearages and thereafter against rents due and owing after the Closing

Date.

(h) Nothing contained in Section (g) above shall prohibit any Seller prior to Closing, at its own expense, from obtaining a promissory note from any Tenant for any rental delinquencies due such Seller for a period prior to Closing and instituting an action in its own name to collect such promissory note; provided, however, that in no event shall any Seller be entitled to bring suit under any Lease or seek to evict any Tenant or to recover possession of its space.

(i) All realty transfer fees and charges (other than recording fees for the Deeds) shall be borne by Seller.

10. RISK OF LOSS.

(a) Sellers assume the risk of loss or damage to all of the Properties beyond ordinary wear and tear until delivery of the Deeds to Purchaser and shall notify Purchaser forthwith upon the occurrence of any such casualty ("Casualty Notice"). In the event of any casualty in which the Casualty Threshold (as hereinafter defined) is not established, or in the event of a casualty in which the Casualty Threshold is established and if Purchaser elects to complete the purchase of the Properties hereunder, the parties shall proceed to Closing without any repairs required of Sellers, subject however to their obligations pursuant to Existing Mortgages and/or Leases, and without any

change in the Purchase Price, except as otherwise provided in subparagraph (b) below, in which event the applicable Seller, subject to the rights of mortgage holders, and the cost of necessary repairs incurred by such Seller, shall assign its full right, title and interest in and to the entire insurance proceeds with respect thereto (including the right to receive proceeds) arising from such occurrence to Purchaser at Closing and Purchaser shall receive a credit against the cash portion of the Purchase Price of an amount equal to any self-insurance obligations of Sellers, including the deductible amount of the insurance policy maintained by the applicable Seller covering such occurrence. Sellers shall cooperate in all respects with Purchaser in connection with the collection of such insurance proceeds, to the extent not collected by the time of Closing, including the endorsing of any checks or the payment of any proceeds received by Sellers on account of said insurance policies, and to the extent any insurance proceeds shall have been received by Sellers prior to Closing, shall remit to Purchaser the full amount thereof so collected, less any amounts applied to repair or restoration of the applicable Property or Properties in accordance with the Existing Mortgages and/or Leases.

(b) If, prior to the Closing Date, any Property or Properties shall be damaged by fire or other casualty and the estimated cost of repair and/or restoration shall exceed twenty-five (25%) percent of the portion of the Purchase Price allocated

to such damaged Property herein or ten (10%) percent of the total Purchase Price, or reasonably shall be estimated to require more than one hundred eighty (180) days to repair or restore (collectively, "Casualty Threshold"), Purchaser may, by notice to Sellers, elect either (i) not to purchase such Property, in which event the Purchase Price shall be reduced accordingly based on the valuation set forth on Schedule "E", or (ii) to terminate this Agreement. If this Agreement is so terminated the Letter of Credit forthwith shall be returned to Purchaser. Purchaser shall notify Sellers of its decision within sixty (60) days of receipt of the Casualty Notice, which shall include the amount of insurance coverage, the amount of insurance received, if any, the reasonably estimated cost of repair, the amount incurred by the applicable Seller for such repairs and the reasonably estimated time in which to complete said repairs, and the Closing shall be postponed accordingly.

(c) Notwithstanding the foregoing, any proceeds of loss of rent insurance for a casualty occurring prior to the Closing Date, whether received prior to or following the Closing, shall be apportioned as of the Closing Date.

11. CONDEMNATION. In the event that, prior to Closing, all or any portion of any or all of the Properties shall be condemned or taken as the result of the exercise of the power of eminent domain, or by deed in lieu thereof (collectively, a "Taking"), or if such proceedings shall have commenced or shall be threatened, Sellers promptly shall notify Purchaser ("Taking Notice").

Purchaser, in its sole judgment, shall notify Sellers within sixty (60) days following receipt of the Taking Notice, that: (1) the remaining portion of a specific Property is not suitable or economically viable for its intended use of the affected Property, in which event Purchaser may terminate this Agreement with respect to such Property; or (2) the remaining portion of the affected Property is suitable and economically viable for its intended use, in which event Closing shall proceed and Purchaser and the applicable Seller shall have the right to participate jointly in the condemnation proceedings and the proceeds thereof shall belong to the applicable Seller, subject to the rights of mortgage holders, but Purchaser shall be entitled to a credit against the Purchase Price in an amount equal to said proceeds, unless such condemnation proceedings shall be pending on the Closing Date, in which event there shall not be any credit and at Closing, the applicable Seller shall assign all its right, title and interest in and to said proceedings and award to Purchaser. Notwithstanding anything to the contrary contained herein, if there is a Taking of two or more Properties, Purchaser may, upon notice to Sellers, terminate this Agreement without further liability hereunder on the part of either party, except that the Letter of Credit forthwith shall be returned to Purchaser.

12. APPROVALS FOR TRANSFER. In the event that any Governmental Authority shall have an ordinance, law, rule, regulation or other requirement requiring a new Certificate of Occupancy or other governmental authorization to be issued in

connection with the transfer of title to any of the Properties, or in the event that on the Closing Date there is any such requirement, then and in any of such events, Sellers shall use their best efforts, at their sole cost and expense, to obtain and deliver to Purchaser, the Certificate of Occupancy or other governmental authorization.

13. DUE DILIGENCE PERIOD.

(a) Through the period ending on the date of this Agreement (the "Due Diligence Period"), Purchaser may perform, or cause to be performed, tests, investigations and studies of or related to any or all of the Properties, including, but not limited to, soil tests and borings, ground water tests and investigations, percolation tests, surveys, architectural, engineering, subdivision, environmental, access, financial, market analysis, development and economic feasibility studies and such other tests, investigations or studies as Purchaser, in its sole discretion, determines is necessary or desirable in connection with the Properties and may inspect the physical (including environmental) and financial condition of any or all of the Properties, including but not limited to the Leases, Contracts, engineering and environmental reports, development approval agreements, permits and approvals. Purchaser shall conduct or cause to be conducted any tests and studies in a manner which does not unreasonably impede the day-to-day operations of any of the Properties, and shall repair and restore any portion of the surface of any of the Properties disturbed by

Purchaser, its agents, representatives or contractors during the conduct of any tests and studies to substantially the same condition as existed prior to such disturbance. Such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of the breach of any representation, warranty, covenant or agreement of Sellers which might, or should, have been disclosed by such inspection.

(b) During the Due Diligence Period, Purchaser, its agents, representatives and contractors, shall have unlimited access to all of the Properties and other information pertaining thereto in the possession or within the control of any of the Sellers for the purpose of performing such studies,tests, borings, investigations and inspections for the purposes described in this Paragraph. Sellers shall cooperate with Purchaser in facilitating its due diligence inquiry and shall obtain, and use their best reasonable efforts to obtain, any consents that may be necessary in order for Purchaser to perform same. In addition, Sellers will deliver to Purchaser promptly after request, true and complete copies of all test borings, Environmental Documents, surveys, title materials and engineering and architectural data and the like relating to any of the Properties that are in any Seller's possession or under its control. In the event any additional materials or information comes within any Seller's possession or control after the date of this Agreement, such Seller promptly shall submit true and complete copies of the same to Purchaser. Sellers shall notify

Purchaser of any dangerous conditions on any of the Properties, including, without limitation, conditions which due to the nature of the borings, studies, investigations, inspections or testing to be performed by or on behalf of Purchaser may pose a dangerous condition to Purchaser or Purchaser's agents, representatives or contractors.

(c) Purchaser shall obtain, or cause its contractors, agents and representatives to obtain, liability insurance in an amount equal to One Million ($1,000,000.00) Dollars on a per occurrence and aggregate basis on account of personal injury to one or more persons and property damage with respect to Purchaser's activities and entry onto the Properties. Upon request of Sellers, the policy shall name Sellers as additional insureds. In addition, Purchaser agrees to indemnify and hold Sellers harmless from any damage or injury to persons or property arising out of or in connection with Purchaser or its contractors, agents or representatives entering upon the Properties.

(d) Purchaser may terminate this Agreement for any reason or for no reason by notice to Sellers given within the Due Diligence Period. In the event Purchaser terminates this Agreement during the Due Diligence Period, this Agreement shall be null and void, the Letter of Credit forthwith shall be returned to Purchaser and copies of any reports or studies prepared by third parties as part of Purchaser's investigations during the Due Diligence Period (if expressly permitted by such

third party), shall be delivered to Sellers (except, if this Agreement is terminated as a result of Sellers breach hereof). In the event Purchaser does not terminate this Agreement by the end of the Due Diligence Period, Purchaser shall be deemed to have elected not to terminate this Agreement pursuant to this Section.

14. ENVIRONMENTAL PROVISIONS.

(a) Notwithstanding anything to the contrary contained in this Agreement, the obligation of Purchaser to pay the Purchase Price and otherwise proceed to Closing shall be subject to the condition as to each Property, that Sellers shall promptly apply for and obtain from the Element (as hereinafter defined in Paragraph 14.(g)(iii) hereof) pursuant to ISRA (as hereinafter defined in Paragraph 14.(g)(i) hereof), and deliver to Purchaser, at least five

(5) days prior to Closing (the "ISRA Compliance Date"), together with all submissions upon which any one or more of the following is based, either:

(i) a Letter of Non-Applicability;

(ii) a de minimis quantity exemption;

(iii) an unconditional approval of the applicable Seller's Negative Declaration; or

(iv) an unconditional No Further Action Letter;

(collectively the "ISRA Approval"). In no event shall an ISRA Approval involve any engineering or institutional controls, including without limitation, capping, deed notice, declaration of environmental restriction or other institutional control

notice pursuant to P.L. 1993 c. 139, a groundwater classification exception area or a well restriction area. If the requirements of this Paragraph 14.(a) are not satisfied on or before the ISRA Compliance Date, Purchaser thereafter shall have the right, by notice to Sellers, to: (A) extend the ISRA Compliance Date for a period not to exceed ninety (90) days; (B) elect not to purchase any such Property or Properties for which ISRA Approval has not been obtained, as more particularly set forth in subparagraph (b) below, and purchase the balance of the Properties; or (C) to terminate this Agreement if the allocated portion of the Purchase Price for the Properties for which ISRA Approval has not been obtained exceeds ten (10%) percent of the Purchase Price in the aggregate, in which latter event this Agreement shall be rendered null and void and of no further force or effect, the Letter of Credit forthwith shall be returned to Purchaser and neither party shall have further liability or obligation to the other under or by virtue of this Agreement. Notwithstanding any contrary provision set forth above, if Purchaser fails to elect to extend the ISRA Compliance Date for a period of ninety (90) days pursuant to Paragraph 14(a)(iv)(A) above, Seller shall nevertheless have the right to do so, on notice to Purchaser. If Seller elects to extend the ISRA Compliance Date for a period of ninety (90) days, then Purchaser shall not have the rights set forth in Paragraphs 14(a)(iv)(B) and (C) above until the expiration of the ninety (90) day period.

(b) If Sellers shall be unable to satisfy the

requirements of Paragraph 14(a) by the ISRA Compliance Date (as that date may be extended by Seller or Purchaser pursuant to the provisions of Paragraph 14(a)), and Purchaser does not elect to terminate this Agreement pursuant to the provisions of Paragraph 14(a), then Purchaser shall have the right to immediately purchase those Properties for which ISRA Approval has been obtained, for the allocated portion of the Purchase Price for such Properties set forth on Schedule "E", and upon the terms and conditions set forth in this Agreement. In addition, notwithstanding any contrary provisions contained in this Agreement, Purchaser shall continue to have the right, for a period of one (1) year from the Closing Date, to purchase the balance of the Properties, as and when Sellers shall obtain ISRA Approval for each such Property, for the allocated portion of the Purchase Price for such Properties set forth on Schedule "E", and upon the terms and conditions set forth in this Agreement.

If Sellers shall fail to obtain ISRA Approval for all of the Properties within one (1) year from the Closing Date, then Purchaser shall have the right to either: (A) terminate this Agreement with respect to the balance of the Properties for which ISRA Approval has not yet been obtained, in which event this Agreement shall be rendered null and void and of no further force or effect with respect to such Properties and neither party shall have any further liability or obligation to the other under or by virtue of this Agreement with respect to such Properties; or (B) to extend the ISRA Compliance Date with respect to such

Properties for such period of time as Purchaser shall elect, in Purchaser's sole and absolute discretion.

Notwithstanding any contrary provisions contained in this Agreement, if the Closing on any of the Properties takes place on any date which is after the first anniversary of the Closing Date, then the Closing shall take place in accordance with the terms and conditions of this Agreement, with the exception that the Purchase Price for such Property or Properties shall be determined pursuant to Schedule "BB" attached hereto and made a part hereof.

If Sellers fail to obtain ISRA Approval for any Property within three (3) years of the Closing Date, then either party shall have the right to terminate this Agreement with respect to such Property or Properties, on notice to the other, in which event this Agreement shall be rendered null and void and of no further force or effect with respect to such Property or Properties and neither party shall have any further liability or obligation to the other under or by virtue of this Agreement with respect to such Property or Properties.

(i) After the Closing, Sellers shall cause Sellers which are the owners of the Properties for which ISRA Approval has not yet been obtained (the "Applicable Sellers") at Sellers' own cost and expense, to promptly obtain or cause to be obtained, ISRA Approval for those Properties not purchased by Purchaser at the Closing (the "Remaining Properties"). In no event shall any of the foregoing result in engineering or

institutional controls, including without limitation a deed notice or declaration of environmental restrictions, or a groundwater classification exception area or a well restriction area;

(ii) In order to obtain ISRA Approval for the Remaining Properties, Sellers shall cause the Applicable Sellers, at Sellers'

own cost and expense, and in accordance with all currently existing or hereafter enacted or promulgated Environmental Laws, to promptly undertake all action (including without limitation, undertaking all Remedial Action, (as that term is defined in subparagraph (iv) below) at the Remaining Properties or any real property which is adjacent or contiguous thereto, or both, as the case may be) required pursuant to ISRA, all of which shall be performed to the reasonable satisfaction of Purchaser;

(iii) Sellers shall cause the Applicable Sellers to notify Purchaser in advance of all meetings scheduled between the Applicable Sellers or its representatives and the NJDEP, and Purchaser and their representatives shall have the right, without the obligation, to attend and participate in all such meetings. In addition, Sellers shall cause the Applicable Sellers to deliver to Purchaser a copy of all submissions to be made to the NJDEP, prior to submission to the NJDEP, and Purchaser shall have the right, without the obligation, to comment upon each such submission, which comments Sellers shall cause the Applicable Sellers to adopt;

(iv) The term "Remedial Action" as used in this subparagraph (b) shall mean all actions taken to cleanup, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Contaminants in the indoor or outdoor environment; to prevent or minimize a Discharge or threatened Discharge of Contaminants so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; to perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or any other actions authorized or required by Environmental Laws. In no event shall Remedial Action involve any engineering or institutional controls, including, without limitation, a deed notice or declaration of environmental restrictions, or the creation of a groundwater classification exception area or well restriction area; and

(v) The provisions of this subparagraph (b) shall survive the Closing.

(c) Subject to the provisions of subparagraph (b) above, if Sellers shall determine prior to the Closing, with respect to the Properties or after the Closing with respect to the Remaining Properties, that the reasonably estimated costs of compliance (the "Costs of Compliance") with the provisions of Paragraph 14(a) with respect to all of the Properties (as evidenced by a cost estimate prepared by Sellers' environmental consultant, itemized with specificity as to the Property or Properties involved, the tasks to be performed, the costs of

performing each task, and the basis for such determination) shall exceed the sum of One Million One Hundred Sixty-Five Thousand ($1,165,000.00) Dollars ("Environmental Threshold"), then Sellers shall immediately notify Purchaser ("Environmental Notice") and simultaneously provide Purchaser with a copy of such cost estimate. If Purchaser shall disagree with the cost estimate of Sellers' environmental consultant, it shall so notify Sellers within ten (10) days of its receipt of such Environmental Notice, in which event the Costs of Compliance shall be determined by an independent environmental consultant or engineer, practicing in New Jersey, with at least ten (10) years' experience in performing environmental services for property similar to the Properties in New Jersey, mutually selected by the parties within ten (10) days of Purchaser's notice of disagreement with the cost estimate. The selected environmental consultant shall make an independent written estimate of the Costs of Compliance, with the same specificity as set forth above, and provide Sellers and Purchaser with a copy of such cost estimate within twenty (20) days of selection. This costs estimate shall be binding on the parties for purposes of Paragraph 14(a). If the parties are unable to agree upon the selection of an independent environmental consultant within the time frame set forth above, or if such selected environmental consultant shall fail to provide the estimate of the Costs of Compliance as required, then either party, on notice to the other, may apply to a Court of competent jurisdiction of the State of New Jersey to make the

appointment and the other party shall be bound by the Court's jurisdiction and determination without any right of appeal. The estimate of the Costs of Compliance determined by any environmental consultant selected by the Court shall be made within twenty (20) days of such consultant's appointment and pursuant to the provisions set forth in this subparagraph 14(c). All costs and fees charged by the independent consultant in determining the Costs of Compliance hereunder, shall be shared equally between the parties. If the Costs of Compliance as estimated by the independent environmental consultant shall exceed the Environmental Threshold, then Purchaser, within twenty (20) days from receipt of the Costs of Compliance, shall have the right, in Purchaser's sole discretion, to elect to: (i) purchase all Properties or all Remaining Properties, as the case may be, in accordance with the provisions hereof in which event, Sellers shall proceed to comply with the provisions of Paragraph 14(a) and Purchaser shall reimburse Sellers for all reasonable costs in excess of the Environmental Threshold within thirty (30) days of receipt of copies of all paid bills therefor; (ii) terminate this Agreement with respect to all of the Properties or of the Remaining Properties for which the Costs of Compliance shall exceed the Environmental Threshold, as the case may be, in which event the Purchase Price shall be reduced accordingly based on the allocations set forth on Schedule "E" and the parties shall proceed to Closing hereunder with respect to the balance of the Properties in accordance herewith, and with the provisions

of

Paragraph 14(b) and with the obligations of Sellers to comply with the provisions of Paragraphs 14(a) and (c) and the obligation of Purchaser to pay all Costs of Compliance in excess of the Environmental Threshold, if any, for such Properties as Purchaser shall, in its sole discretion, purchase hereunder; or (iii) terminate this Agreement, in which event Escrow Agent shall deliver to Purchaser the Letter(s) of Credit and neither party shall have any further rights or obligations to the other hereunder. If Purchaser fails to deliver notice of its election to Sellers within the aforesaid twenty (20) day period, then Purchaser shall be deemed conclusively to have elected to terminate this Agreement pursuant to subparagraph (ii) as to the Properties or the Remaining Properties for which the Costs of Compliance shall exceed the Environmental Threshold, as the case may be, without regard to the Costs of Compliance, in which event the Purchase Price shall be reduced accordingly based on the allocations set forth on Schedule "E" and the parties shall proceed to Closing hereunder with respect to the balance of the Properties.

(d) Seller has previously delivered to Purchaser, and subsequently promptly upon receipt by any Seller or its representatives, each Seller shall deliver to Purchaser as to the Property which it owns or controls: (i) all Environmental Documents concerning such Property generated by or on behalf of predecessors in title or former occupants of such Property to the extent in such Seller's possession or control; (ii) all

Environmental Documents concerning such Property generated by or on behalf of such Seller, whether currently or hereafter existing; (iii) all Environmental Documents concerning such Property generated by or on behalf of current or future occupants of such Property to the extent in such Seller's possession or control, whether currently or hereafter existing; and (iv) a description of all known operations, past and present, undertaken at the Property and existing maps, diagrams and other documentation to the extent in such Seller's possession or control designating the location of past and present operations at such Property and past and present storage of Contaminants above or below ground, on, under, at, emanating from or affecting any of the Property or its environs.

(e) Each Seller shall notify Purchaser in advance of all meetings scheduled between such Seller or its representatives and NJDEP, and Purchaser and/or its representatives shall have the right, without obligation, to attend and participate in all such meetings.

(f) Sellers, jointly and severally, shall indemnify, defend and hold harmless Purchaser from and against any and all claims, liabilities, losses, deficiencies, damages, interest, penalties and costs, foreseen or unforeseen including, without limitation, reasonable counsel, engineering and other professional or expert fees, which Purchaser may incur, by reason of or resulting directly or indirectly, wholly or partly, from any breach, inaccuracy, incompleteness or nonfulfillment of any

representation, warranty, covenant or agreement herein by Sellers or any of them, or by reason of any Sellers actions or non-action with regard to any of Sellers obligations pursuant to this Paragraph 14. Notwithstanding the foregoing, if Purchaser shall have a claim against Sellers for indemnity under this Agreement, arising out of or in connection with Sellers breach of any environmental representation, warranty, covenant or agreement in this Agreement, Purchaser shall so notify Sellers of its claim for indemnity by the delivery of a notice to Sellers specifying the nature of such claim, which notice shall be delivered as soon as Purchaser determines shall be reasonably practicable.

If the claim for indemnity is one for which Purchaser shall be entitled to a defense, then within five (5) days of receipt of Purchaser's notice, Sellers shall immediately undertake defense of the claim, with counsel reasonably acceptable to Purchaser. If the claim is one that requires any action be undertaken at any of the Properties due to a violation of any currently existing or hereafter enacted or promulgated Environmental Law or that requires any Remedial Action at any of the Properties or any property adjacent thereto, then Sellers shall cure such violation of Environmental Law or undertake such Remedial Action, at Sellers sole cost and expense, but only upon the terms and conditions set forth herein:

(i) Sellers shall proceed in a prompt and diligent fashion to cure any violation of Environmental Laws or undertake such Remedial Action as may be required by any

Governmental Authority, as the case may be;

(ii) Sellers shall deliver to Purchaser proof of their cure of any violation of Environmental Law, in form reasonably acceptable to Purchaser, and if Remedial Action shall be required, Sellers shall also deliver to Purchaser an unconditional No Further Action Letter, or substantially similar document, issued by the NJDEP;

(iii) In no event shall any of the foregoing activities of Sellers result in engineering or institutional controls, including without limitation a deed notice or declaration of environmental restrictions, or a groundwater classification exception area or a well restriction area being placed on any of the Properties;

(iv) Sellers shall notify Purchaser in advance of all meetings scheduled between any Seller or its representatives and any Governmental Authority, including without limitation, the NJDEP, and Purchaser and its representatives shall have the right, without the obligation, to attend and participate in all such meetings. In addition, Sellers shall deliver to

Purchaser a certified, true and complete copy of all Environmental Documents generated with respect to any violation of any Environmental Law or Remedial Action, promptly upon receipt. Further, Sellers shall deliver to Purchaser a copy of all submissions to the NJDEP or any other Governmental Authority, including without limitation any proposals, reports or sampling results, prior to submission, and Purchaser shall have the right, without the obligation, to

comment upon each submission, which comments Sellers shall adopt. Sellers shall reimburse Purchaser for the reasonable costs Purchaser incurs in connection with its review of or comments to any such submission, within five (5) days of Purchaser's demand;

(v) All Remedial Action or other action required pursuant to Environmental Laws shall be performed without interfering with the ownership of, or operations at the Properties in question, and in compliance with all Environmental Laws and any other applicable federal, state, county or municipal statutes, laws, ordinances, rules or regulations and pursuant to a right of access agreement reasonably acceptable to Purchaser, which shall include, without limitation a broad indemnification of Purchaser with respect to any work to be performed on any Property by Sellers; and

(vi) Notwithstanding any contrary provisions contained herein, in no event shall Sellers rights pursuant to this Paragraph 14(f) in any way diminish Purchaser's indemnification rights pursuant to this Paragraph 14(f).

(g) The following terms shall have the following meanings when used in this Agreement:

(i) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous substance, hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the New Jersey Environmental Rights Act, N.J.S.A. 2A:35A-1 et seq.; the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq. (the "Spill Act");

the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 et seq.; the Hazardous Substances Discharge: Reports and Notices Act, N.J.S.A. 13:1K-15 et seq.; the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. ("ISRA"); the "Tanks Laws" as hereinafter defined in Paragraph 14.(g)(x) hereof; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq. ("RCRA"); the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. ss.1251 et seq.; together with any amendments thereto, regulations promulgated thereunder and all substitutions thereof, as well as words of similar purport or meaning referred to in any other applicable federal, state, county or municipal environmental statute, ordinance, code, rule or regulation, including, without limitation, radon, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives. Where a statute, ordinance, code, rule or regulation defines any of these terms more broadly than another, the broader definition shall apply.

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

(iii) "Element" shall mean the Industrial Site

Evaluation Element or its successor of the NJDEP.

(iv) "Environmental Documents" shall mean all environmental documentation in the possession or under the control of any Seller(s) concerning any of the Properties, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

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

(vi) "Governmental Authority" shall mean the federal, state, county or municipal government, or any department, agency, bureau, board, commission, office or other body obtaining authority therefrom, or created pursuant to any law.

(vii) "Major Facility" is as defined in the Spill

Act.

(viii) "NJDEP" shall mean the New Jersey Department of Environmental Protection or its successor.

(ix) "Notice" shall mean, in addition to its

ordinary meaning, any written communication of any nature, whether in the form of correspondence, memoranda, order, directive or otherwise.

(x) "Tank Laws" shall mean the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq., and the federal underground storage tank law (Subtitle I) of RCRA, together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

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

(h) Sellers covenant and agree that between the date hereof and the Closing Date they shall perform or observe the following:

(i) Promptly notify Purchaser of, and promptly deliver to Purchaser, a certified true and complete copy of any Notice any Seller may receive, on or before the Closing Date, from any Governmental Authority, concerning a violation of

Environmental Laws or Discharge of Contaminants;

(ii) At their own cost and expense, be responsible for the remediation of all Contaminants existing on, under, at emanating from or affecting any of the Properties as of the date of Closing, in violation of Environmental Laws, regardless of the date of discovery, notwithstanding anything to the contrary set forth herein. In no event shall any Seller's remediation involve any engineering or institutional controls, including, without limitation, capping, a deed notice, a declaration of environmental restrictions or other institutional control notice pursuant to P.L. 1993, c. 139, or a groundwater classification exception area or well restriction area. Any such remediation and associated activities shall be undertaken pursuant to a right of access agreement reasonably acceptable to Purchaser;

(iii) Seller has previously delivered to Purchaser and subsequently, promptly upon receipt by any Seller or its representatives, deliver to Purchaser a certified true and complete copy of all Environmental Documents.

15. MAINTENANCE OF PROPERTY.

(a) Until Closing, Sellers shall: (i) use reasonable efforts to lease space within the Properties in its ordinary course of business in accordance with the terms of paragraph 7(d), including rights and options of existing tenants; (ii) pay and otherwise perform all obligations pursuant to the Leases, Existing Mortgages, Contracts, and all other agreements affecting

the Property or Sellers' ability to complete the transactions contemplated hereunder; (iii) pay all trade debts and accounts payable in the usual course of business, incur no obligations except in the usual course of business; (iv) maintain and repair each of the Properties in such manner so that it shall be delivered in the same condition as of the date hereof, ordinary wear and tear excepted; (v) if pursuant to the terms of any Lease existing as of the date of this Agreement, any decorating, repairs or alterations are required to be made or any equipment is required to be furnished to any tenant, or if Landlord has any obligation to perform for any tenant, same will be done, supplied or performed, as the case may be, by Sellers, at their sole cost and expense prior to Closing; and (vi) use reasonable efforts to preserve for Purchaser, each Seller's relationships with its Tenants, suppliers, real estate brokers, governmental authorities and officials, managers, employees and other persons and entities with which it has relationships with regard to each of the Properties.

(b) The applicable Seller(s) shall complete any capital expenditure programs related to any of the Properties which have commenced on or prior to the date hereof and shall not defer taking any action or incurring any costs or expenses, whether or not of a capital nature, with regard to any Property, from and after date hereof, provided Purchaser shall have the right to require Sellers to proceed to Closing prior to completion of all such capital programs.

(c) (i) The parties acknowledge that certain HVAC equipment located at 101 Commerce Drive requires repair and/or replacement pursuant to an inspection by Purchaser, a copy of which has been delivered to Seller (the "Deferred Maintenance"). Upon request of Purchaser, Seller shall cause McGarvey Construction Co., Inc. to perform all Deferred Maintenance for the one (1) year period following Closing. Attached hereto as Schedule "CC" is an estimate (the "Estimate") of the cost of the Deferred Maintenance. All work shall be done in a first class, good and workmanlike manner using new equipment and materials at least equal in quality to the equipment being replaced, and in compliance with all applicable laws, orders and regulations of federal, state, county and municipal authorities having jurisdiction. Seller shall obtain all necessary permits, licenses and other governmental approvals which may be required to perform the Deferred Maintenance. Seller shall furnish to Purchaser evidence of performance of the Deferred Maintenance, and within thirty (30) days of receipt thereof, Purchaser shall reimburse Seller for fifty (50%) percent of the cost of the Deferred Maintenance pursuant to the Estimate; provided that Purchaser shall not be obligated to make such reimbursement more than once per calendar month. Upon completion of the Deferred Maintenance, Seller shall assign all guaranties

and warranties relating thereto to Purchaser.

(ii) If Seller shall default in the performance of its obligations under this Paragraph 15(c), in addition to all

other remedies Purchaser may have under this Agreement or at law or in equity, Purchaser shall have the right to off-set any amounts incurred by Purchaser to perform the Deferred Maintenance and/or due contractors against the purchase price of any Development Property and/or any property to be sold pursuant to the T&N Agreement.

16. NOTICES.

(a) Any notice, request, consent, approval or demand ("notice") which, pursuant to the provisions of this Agreement or otherwise, must or may be given or made by either party hereto to the other, shall be in writing and shall be given by such party or its attorney and shall be delivered by personal delivery, by mailing same via certified mail, return receipt requested, postage prepaid, in a United States Post Office depository, by delivery to a postal or private expedited form of delivery service, or telecopied to the intended recipient at the telecopy number set forth therefor below (with hard copy to follow), addressed to Purchaser at its address set forth in the heading to this Agreement, Attention: Roger Thomas, Esq., (fax 908-272- 6755), with a copy given in the aforesaid manner to Cole, Schotz, Meisel, Forman & Leonard, P.A., Court Plaza North, 25 Main Street, P.O. Box 800, Hackensack, New Jersey 07602-0800, Attention: Richard W. Abramson, Esq., (fax 201-489-1536), and to Sellers to William Price (fax 609-235-3043) ("Sellers' Notice Agent") at the address set forth in the heading to this Agreement with a copy given in the aforesaid manner to Archer & Greiner,

One Centennial Square, Haddonfield, New Jersey 08033, Attention: Gary L. Green, Esq., (fax 609-795-0574). It is acknowledged that notice delivered to Sellers' Notice Agent shall be conclusively deemed to constitute notice to each and every Seller.

(b) Notice shall be deemed delivered on the day of personal delivery, on the day telecopied, on the first business day following deposit with the overnight carrier or on the second business day following deposit in the Post Office depository, as the case may be.

(c) Either party may designate a different person or address by notice to the other party given in accordance herewith.

17. BROKER. Each party represents and warrants to the other party that it dealt with no broker or other person entitled to claim fees for such services in connection with the negotiation, execution and delivery of this Agreement, other than Jackson Cross (hereinafter referred to as the "Broker") and Rubin Organization ("Rubin). Sellers agree to pay Broker pursuant to a separate agreement with Broker, which agreement shall provide, inter alia, that Broker shall not have any claim whatsoever for commissions or other fees in connection with the purchase of property by Purchaser or a related entity referred to in Paragraphs 22 and 27 of this Agreement or against Purchaser whether or not Closing shall occur, including failure to close due to the default of Purchaser hereunder. Purchaser agrees to pay Rubin pursuant to a separate agreement with Rubin; provided,

however, Seller shall pay Purchaser the sum of Twenty-Four Thousand ($24,000.00) Dollars on account of any payments due Rubin. Based upon the aforesaid representations, warranties and covenants, each party agrees to defend, indemnify and hold the other party harmless from and against any and all claims for finders' fees or brokerage or other commission which at any time may be asserted against the indemnified party, including any claim by Broker against Purchaser, founded upon a claim that the substance of the aforesaid representations of the indemnifying party is untrue. Such indemnification shall include, but not be limited to, all commission claims, as well as all costs, expenditures, legal fees and expert fees reasonably incurred in defending any claim of any third party. In the event that by settlement or otherwise, any monies or other consideration is awarded to or turned over to any third party as a result of a commission claim, it is the intention of the parties hereto that the indemnifying party shall be solely responsible therefor.

18. DEFAULT.

(a) If Purchaser shall default in the payment of the Purchase Price or otherwise shall default in the performance of any of its other obligations pursuant to this Agreement, Sellers, as their sole and exclusive remedy, shall be entitled to receive, as liquidated damages and not as a penalty, the Letter(s) of Credit and the right to convert same to cash, it being acknowledged that the actual damages which may be suffered by Sellers in the event of any default by Purchaser shall be

difficult to ascertain, plus the costs and expenses set forth in (c) below. If the Letter(s) of Credit are converted to cash, Sellers shall be entitled to receive any interest earned on such cash.

(b) If Sellers shall default in any of their obligations hereunder, Purchaser shall have the right to (i) terminate this Agreement by notice to Sellers, in which event the Letter(s) of Credit shall be returned to Purchaser and Sellers shall pay to Purchaser and Purchaser shall be entitled to receive, the sum of Two Million ($2,000,000.00) Dollars, as liquidated damages and not as a penalty, it being acknowledged that the actual damages which may be suffered by Purchaser in the event of any default by Sellers shall be difficult to ascertain, plus the costs and expenses set forth in (c) below, or (ii) seek specific performance by Sellers of Sellers' obligations hereunder, and if

Purchaser is successful, in addition obtain from Sellers the costs and expenses set forth in (c) below, together with damages suffered by Purchaser limited to Two Million ($2,000,000.00) Dollars.

(c) In the event of litigation arising out of this Agreement, the prevailing party shall be entitled to recover from the losing party, costs and expenses incurred by the prevailing party, including reasonable legal fees and disbursements.

19. SURVIVAL. It is agreed that all of the terms, agreements, covenants, promises, provisions, indemnifications, representations and warranties set forth herein shall, except as

otherwise specifically set forth in this Agreement, survive Closing and delivery of the Deeds.

20. INDEMNITY.

(a) Each Seller agrees jointly and severally to indemnify, defend and save harmless Purchaser and its respective representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraph 6.(e), resulting from the breach or default of any covenant, provision, representation or warranty of such Seller including all reasonable costs and expenses incurred by Purchaser in the enforcement of this Paragraph, or (ii) imposed upon or incurred by Purchaser, or allegedly due by Purchaser, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, any Property, or by reason of any event or occurrence on, or relating to, such Property which occurred, accrued or related to an event occurring at any time prior to the Closing Date.

(b) Purchaser agrees to indemnify, defend and save harmless Sellers and their respective representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraphs 6(e) and 18, resulting from the breach or default of any covenant, provision, representation or warranty of Purchaser or

(ii) imposed upon or incurred by Sellers, or allegedly due by Sellers, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, any Property, or by reason of any event or occurrence on, or relating to, such Property which occurred, accrued or related to an event occurring at any time after the Closing Date.

21. ASSIGNMENT. This Agreement may not be assigned by Purchaser, without the consent of Sellers (which consent shall not be unreasonably withheld, delayed or conditioned), except that no such consent shall be required with respect to an assignment to any affiliate of Purchaser. Upon such assignment, Purchaser named herein shall be relieved of any further liability for any of the terms, promises and conditions of this Agreement on its part to be performed hereunder.

22. CROSS DEFAULT. Simultaneously with the execution and delivery of this Agreement, Purchaser and/or an affiliate of Purchaser has entered into (i) a certain Agreement of Sale with Seller and/or an affiliate of Seller (the "Agreement of Sale") relating to certain property located in Moorestown Township, New Jersey, as more particularly described in the Agreement of Sale (the "Development Property"), and (ii) a certain agreement with Seller and/or an affiliate of Seller (the "T & N Agreement") relating to certain property leased to T & N Services, Inc. (the "T & N Property"), all as more particularly described in the T & N Agreement. This Agreement and the obligations of the parties hereunder are subject to performance by the respective

parties to the Agreement of Sale and/or the T & N Agreement of their respective obligations which are required to be performed prior to the Closing Date in accordance with the terms thereof. If Sellers or their related entities default in their obligations under the Agreement of Sale and/or the T & N Agreement, Purchaser shall have the right to proceed with the purchase of the Properties hereunder, to declare a default hereunder, or to terminate this Agreement, as the case may be. If Purchaser shall default in its obligations under the Agreement of Sale and/or the T & N Agreement, Seller shall have the right to declare a default hereunder.

23. POST CLOSING EXPENSES.

(a) Sellers and Purchaser have established certain tenant improvement allowances for the Costs of Tenant Work (as hereinafter defined) to be performed on the Properties for the first two (2) years following Closing, as more particularly set forth on Schedule "Z" annexed hereto and made a part hereof (hereafter referred to as the "T.I. Allowances"). During each of the first two (2) years following Closing, Purchaser shall be responsible for all costs and expenses: (i) relating to tenant improvement work required to be performed at all of the Properties for new tenants and for extensions, renewals or the taking of new or additional spaces by existing Tenants; and (ii) for all brokerage commissions incurred in connection with the leasing to new tenants or with any extensions, renewals or the taking of new or additional spaces by existing Tenants (provided

that for purposes of this subsection (ii), each new lease, and each renewal, expansion or extension shall be deemed to be no longer than five (5) years, it being the intent of Purchaser and Sellers to include brokerage commissions for a period of 5 years notwithstanding that a new lease, or an extension, renewal or expansion is for a term in excess of five (5) years) (collectively, the "Costs of Tenant Work"); up to the maximum sum of Six Hundred Thousand ($600,000.00)

Dollars per year (the "Tenant Work Threshold"). The costs and expenses relating to tenant improvement work required to be performed at any of the Properties following the vacation of such Property after a default by the then existing Tenant shall be allocated as follows:

(i) The first seventy five thousand ($75,000) Dollars of such costs incurred by Purchaser in each of the first two years following Closing shall not be included in the calculation of Costs of Tenant Work for such year;

(ii) The next seventy five thousand ($75,000) Dollars of such costs incurred by Purchaser in each of the first two (2) years following Closing shall be included in the calculation of Costs of Tenant Work for such particular year; and

(iii) Any costs incurred by Purchaser in excess of one hundred and fifty thousand ($150,000) Dollars in each of the first two years following Closing shall not be included in the calculation of Costs of Tenant Work for such particular year.

In addition, if Purchaser and a Tenant agree to terminate

the existing lease between them for reasons other than a default of Tenant thereunder, then the costs of tenant improvement work incurred by Purchaser for such space shall not be included in the Costs of Tenant Work.

(b) During the first two (2) years following Closing, Sellers shall be responsible for the aggregate Costs of Tenant Work at any or all of the Properties in excess of One Million Two Hundred Thousand ($1,200,000.00) Dollars; provided, however, that the cumulative costs of tenant improvement work exceeding the product of (i) the aggregate square footage for applicable tenants for a particular year for the specific category as set forth on Schedule "Z" and (ii) the applicable T.I. Allowances shall not be included in the calculation of the Tenant Work Threshold for such particular year.

(c) If, at the end of the first year following Closing, the Costs of Tenant Work shall exceed the Tenant Work Threshold, but be less than Six Hundred Ninety Thousand ($690,000.00) Dollars, such excess shall be accumulated and deducted from the Tenant Work Threshold for the second year following Closing (i.e. resulting in a lower Tenant Work Threshold for the second year). If the Costs of Tenant Work shall exceed Six Hundred Ninety Thousand ($690,000.00) Dollars at the end of the first year following Closing, then within thirty (30) days after delivery of the Notice of Cost (as hereinafter defined), Sellers shall deliver to Purchaser the Tenant Work Letter of Credit (as hereinafter defined) in an amount equal to

all Costs of Tenant Work in excess of the Tenant Work Threshold, as security for the payment of all obligations of Sellers under this Paragraph 23. The Tenant Work Letter of Credit shall be a clean, irrevocable, non-documentary and unconditional letter of credit (the "Tenant Work Letter of Credit") issued by and drawable upon any commercial bank or national banking association with offices for banking purposes in Northern New Jersey, which shall have outstanding unsecured, uninsured and unguaranteed indebtedness, or shall have issued a letter of credit or other credit facility that constitutes the primary security for any outstanding indebtedness (which is otherwise uninsured and unguaranteed), that is then rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's Investors Service and "AA" or better by Standard & Poor's Corporation, and has combined capital, surplus and undivided profits of not less than Five Hundred Million ($500,000,000.00) Dollars. Said Tenant Work Letter of Credit shall name Purchaser as beneficiary, have a term of not less than thirteen (13) months, permit multiple drawings, be fully transferable by Purchaser without the payment of any fees or charges by Purchaser or any transferee, and otherwise be substantially in the form attached as Schedule "V". Purchaser shall have the right to draw the full amount of the Tenant Work Letter of Credit, by sight draft, if the Tenant Work Letter of Credit is not renewed or replaced within thirty (30) days prior to its expiration date or if Sellers fail to pay Purchaser all

sums due under this Paragraph 23 within thirty (30) days after delivery of the Notice of Cost, whichever shall be the earlier to occur. If Sellers shall pay all sums due Purchaser hereunder or if no sums are due Purchaser hereunder, the Tenant Work Letter of Credit shall be returned to Sellers. Notwithstanding the foregoing, if the Costs of Tenant Work in the first year following Closing shall exceed Nine Hundred Thousand ($900,000.00) Dollars, Sellers, in addition to posting such Tenant Work Letter of Credit, shall pay Purchaser, or, at Purchaser's election, to subcontractors, materialmen and/or brokers in immediately available funds, within thirty (30) days after delivery of the Notice of Cost, all amounts exceeding Nine Hundred Thousand ($900,000.00) Dollars. If the aggregate Costs of Tenant Work at the end of the second year following Closing shall exceed One Million Two Hundred Thousand ($1,200,000.00) Dollars, then Sellers shall pay all sums in excess of the Tenant Work Threshold (less any sums previously paid by Sellers hereunder) to Purchaser or, at Purchaser's election, to subcontractors, materialmen and/or brokers within thirty (30) days following delivery of Notice of Costs. Following each of the first two (2) years after Closing, Purchaser shall notify Sellers, in writing in reasonable detail, the Costs of Tenant Work incurred by Purchaser during such year and the amount required to be paid by Sellers ("Notice of Costs"). If the aggregate Costs of Tenant Work during the first two (2) years following Closing shall not exceed One Million Two Hundred

Thousand ($1,200,000.00) Dollars, then Purchaser shall not owe any sums to Sellers pursuant to this Paragraph 23, and an amount equal to all monies previously paid by Sellers on account of this Paragraph 23, together with the Tenant Work Letter of Credit shall be paid or delivered to Sellers, as the case may be, within thirty (30) days after the end of the second year following Closing.

(d) During the two (2) year period following Closing, McGarvey Development Company ("McGarvey"), an affiliate of Sellers, shall be permitted to bid upon any tenant improvement work. If McGarvey is awarded the bid, it shall utilize employees and subcontractors who shall not cause labor conflicts. If McGarvey is not awarded the bid, Purchaser shall select the lowest responsible bidder to perform tenant improvement work.

(e) If Sellers shall default in their obligations under this Paragraph 23, in addition to all other remedies Purchaser may have under this Agreement or at law or in equity, Purchaser shall have the right to off-set such amounts against the purchase price of any Development Property and/or any property to be sold pursuant to the T&N Agreement.

(f) In the event of a dispute as to the propriety of any Costs of Tenant Work, Sellers shall have the right to deliver a dispute notice (the "Dispute Notice") to Purchaser within ten (10) days following receipt of the applicable Notice of Costs. The Dispute Notice, to be valid, shall be accompanied by a detailed statement as to the basis for the dispute and shall be

accompanied by the tender of performance or payment of that portion of the sum due as to which Seller does not take issue, limiting the dispute to only the net amount actually disputed. Such dispute may be litigated under the provisions of any simplified procedure for court determination of dispute applicable under the laws of the State of New Jersey, or, with the mutual agreement of the parties, may be submitted to arbitration, in either of which events, all parties will join in request for expedition in the disposition of any proceeding brought to resolve the dispute. In such circumstances, Sellers obligation to make such reimbursement as to any matter in which a bona fide dispute has been raised will be postponed to a date which is ten (10) days following the final determination of the arbitrators, court or other forum or, in the event that the dispute is resolved before any such final determination, within ten (10) days of the judgment, settlement, or other resolution of the dispute. The prevailing party in the dispute shall be reimbursed for any court charges related to the resolution of the dispute and the attorney's fees in a reasonable amount.

24. POST CLOSING MANAGEMENT.

(a) For a period of three (3) months following Closing ("Interim Management Period"), an entity designated by Sellers and acceptable to Purchaser shall be retained to perform the non-administrative aspects of the management of all of the Properties ("Interim Manager"), such as the repair and maintenance of all of the Properties and the day-to-day dealing with all the Tenants of

the Properties. Interim Manager shall not be responsible for the leasing, accounting, bookkeeping or financial aspects of the management of any of the Properties, such as the calculation, billing and collection of rent and common area charges, and the payment of costs and expenses incurred in the operation of the Properties.

(b) It is acknowledged that Sellers presently receive an annual aggregate fee equal to two (2%) percent of the gross rentals (due or collected, as the case may be) which fee is billed to Tenants as part of common area maintenance charges. During the Interim Management Period, Purchaser shall pay Interim Manager an amount equal to one (1%) percent of the monthly gross rentals (due or collected, as the case may be) for each full month of the Interim Management Period, which fee shall be prorated on a daily basis for any partial month.

(c) Interim Manager shall bill Purchaser for its time and material costs and expenses expended in the performance of its management duties. Purchaser shall have the right to bill either specific Tenants for whom such work was performed or all applicable Tenants as part of common area maintenance charges if such work was not performed for specific Tenants, and in either of such events, such payments of Tenants shall be made to and retained by Purchaser.

(d) Purchaser reserves the right to require Interim Manager to enter into an interim management agreement to reflect the provisions of this Paragraph 24 in substantially the form

annexed hereto as Schedule "W" and made a part hereof.

(e) Following the Interim Management Period, Purchaser shall assume responsibility for all operations and management of all of the Properties and shall have the right, but not the obligation, to hire the following employees of Interim Manager or related entities:

4 Management construction employees;
1 property manager employee; and
1 receptionist.

25. POST CLOSING RESTRICTIONS.

(a) Except as otherwise set forth herein, for a period of three (3) years commencing on the Closing Date, neither John S. McGarvey nor William G. Price, Jr. ("Principals"), each of whom is a shareholder, officer, director, partner, manager and/or employee of some or all of Sellers, existing managing entities, Interim Manager or related entities, either directly or indirectly, to or for the benefit of any person, firm, partnership, corporation

or other entity, shall: call upon, solicit, divert, accept any business or patronage from, or attempt to call upon, solicit or divert any of the tenants of the Property or any potential tenants of the Property of which either has knowledge, for the leasing and/or purchasing of industrial, warehouse and/or office real property, or engage or become interested, either as a principal, partner, agent, employee, shareholder or director of any corporation, association or other entity, or in any other manner or capacity whatsoever, in the

business of developing, managing, leasing or selling industrial, warehouse and/or office real property at any location situated within the State of New Jersey and within fifteen (15) miles from any portion of the Property.

(b) The provisions of Subparagraph (a) shall not apply to the Development Property, as to which the applicable provisions of the Agreement of Sale shall govern and control nor to the property located in the Township of Westampton, County of Burlington and known as Block 202, Lots 1, 2, and 4 on the tax map of Westampton Township (the "Westampton Property"), nor to the Additional Property (as hereinafter defined).

(c) It is acknowledged that each of the covenants, obligations and restrictions ("restrictions") set forth in this Paragraph 25 is separate and distinct from each and every other restriction, so that in the event all or any portion of any restriction is deemed invalid or unreasonable, each of the remaining restrictions shall be deemed divisible and independent therefrom, shall remain in full force and effect and each Principal consents to such modifications of any such restrictions as a court may deem reasonable.

(d) It is acknowledged that each of the above restrictions is fair, reasonable and constitutes a material inducement to Purchaser to purchase the Property, shall be construed and enforced independently of any other agreement herein and the existence of any claim by Sellers and/or Principals against Purchaser shall not constitute a defense to

the enforcement by Purchaser of the restrictions set forth above.

(e) If this Agreement is terminated as a result of Purchaser's default under this Agreement, the T&N Agreement, the 2 Commerce Agreement or the Agreement of Sale, the restrictions set forth in this Paragraph 25 shall be deemed terminated and of no further force and effect. If this Agreement is terminated by Purchaser with respect to a particular Property (not as a result of Seller's default under this Agreement), then the restrictions set forth in this Paragraph 25 with respect to such Property only shall be terminated and of no further force and effect.

(f) In the event Principals shall, at any time during the term of the restrictions set forth in this Paragraph 25, receive a bona fide offer or solicitation (the "Solicitation"), to engage or to become interested, either as a principal, partner, agent, employee, shareholder or director of any corporation, association or other entity, or in any other manner or capacity whatsoever, in a business which would be violative of the restrictions set forth in this Paragraph 25, which Solicitation Principals wish to accept, Principal shall deliver a notice (hereinafter referred to as the "Solicitation Notice") to Cali Realty setting forth all of the terms of said Solicitation together with a true copy of the Solicitation (which must be in writing). Cali Realty shall thereafter have the right, exercisable by notice to Principals, within thirty (30) days after the date of receipt of the Solicitation Notice, to elect to pursue such Solicitation either individually, or, at Cali

Realty's election, by joint venturing same with Principals. In the event Cali Realty shall elect to pursue such Solicitation individually, Principals shall assign to Cali Realty all of their right, title and interest in and to such Solicitation and the right to negotiate the terms and conditions of the transactions contemplated in the Solicitation Notice in which event the restrictions set forth in this Paragraph 25 shall continue to be effective and shall remain in full force and effect. If Purchaser does not elect to pursue such Solicitation, then Principals may, with respect to the transactions set forth in the Solicitation Notice, pursue such transactions, notwithstanding the restrictions set forth in this Paragraph 25. Nothing contained herein shall be deemed a waiver or a release of Principals from the restrictions set forth in this Paragraph 25 with respect to any other activities not encompassed within the particular Solicitation Notice.

26. ESCROW AGENT.

(a) The Letter of Credit shall be held in escrow by Escrow Agent and released on the terms hereinafter set forth.

(b) If Escrow Agent receives notice from Purchaser or Purchaser's attorney that Purchaser has terminated this Agreement pursuant to Paragraphs 4, 5, or 13 hereof, then Escrow Agent shall immediately return the Letter of Credit to Purchaser without the applicability of Paragraphs 26(e), (g) and (h).

(c) At the Closing, Escrow Agent shall deliver the Letter of Credit to Purchaser.

(d) Any notice(s) to and from Escrow Agent shall be given in accordance with Paragraph 16 hereof.

(e) If Escrow Agent receives a notice signed by Sellers or Sellers attorney stating that Purchaser has defaulted in the performance of its obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Purchaser. If Escrow Agent shall not have received notice of objection from Purchaser within ten (10) days after Escrow Agent has delivered

such notice, Escrow Agent shall deliver the Letter of Credit to Sellers. If Escrow Agent shall receive a timely notice of objection from Purchaser as aforesaid, Escrow Agent promptly shall forward a copy thereof to Sellers.

(f) If Escrow Agent receives a notice signed by Purchaser or Purchaser's attorney stating that this Agreement has been canceled or terminated and that Purchaser is entitled to the Letter of Credit, or that Sellers have defaulted in the performance of their obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Sellers. If Escrow Agent shall not have received notice of objection from Sellers within ten (10) days after Escrow Agent has delivered such notice, Escrow Agent shall deliver the Letter of Credit to Purchaser. If Escrow Agent shall receive a timely notice of objection from Sellers as aforesaid, Escrow Agent promptly shall forward a copy thereof to Purchaser.

(g) If Escrow Agent receives notice from either party authorizing delivery of the Letter of Credit to the other party,

Escrow Agent shall deliver the Letter of Credit in accordance with such instructions.

(h) If Escrow Agent receives a notice of objection as aforesaid, Escrow Agent shall convert the Letter of Credit to cash and hold such proceeds in an interest bearing FDIC insured bank in New Jersey until Escrow Agent receives either: (i) a notice signed by both Sellers and Purchaser stating who is entitled to the Letter of Credit; or (ii) a final order of a court of competent jurisdiction directing disbursement in a specific manner, in either of which events Escrow Agent shall deliver the Letter of Credit in accordance herewith or in accordance with such notice or order. Escrow Agent shall not be or become liable in any way or to any person for its refusal to comply with any requests or demands until and unless it has received a direction of the nature described in (i) or (ii) above.

(i) Notwithstanding the foregoing provisions of Subparagraph (g) above, if Escrow Agent shall have received a notice of objection as aforesaid, or shall have received at any time before actual delivery of the Letter of Credit, a notice signed by either Sellers or Purchaser advising that litigation between Sellers and Purchaser over entitlement to the Letter of Credit has been commenced, Escrow Agent shall have the right, upon notice to both Sellers and Purchaser to deposit the Letter of Credit with the Clerk of the Court in which any litigation is pending, whereupon Escrow Agent shall be released of and from all

liability hereunder except for any previous gross negligence or willful default.

(j) Escrow Agent shall not be liable for any error or judgment or for any act done or omitted by it in good faith, or for any mistake of fact or law, and is released and exculpated from all liability hereunder except for willful misconduct or gross negligence.

(k) Escrow Agent's obligations hereunder shall be as a depositary only, and Escrow Agent shall not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any notice, instructions or other instrument furnished to it or deposited with it, or for the form of execution of any thereof, or for the identity or authority of any person depositing or furnishing same.

(l) Escrow Agent shall not have any duties or responsibilities except those set forth in this Agreement and shall not incur any liability in acting upon any signature, notice, request, waiver, consent, receipt or other paper or document believed by it to be genuine, and Escrow Agent may assume that any person purporting to give any notice or advice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so.

(m) Escrow Agent shall be entitled to consult with counsel in connection with its duties hereunder, including attorneys at its firm. The parties shall reimburse Escrow Agent, jointly and severally, for all costs and expenses incurred by

Escrow Agent in performing its duties as Escrow Agent including, but not limited to, reasonable attorneys' fees (either paid to retained attorneys or amounts representing the fair value of services rendered to itself).

(n) The terms and provisions of this Paragraph shall create no right in any person, firm or corporation other than the parties hereto and their respective successors or assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

(o) In the event of any dispute, disagreement or suit between Sellers and Purchaser, whether pertaining to the Letter of Credit, this Agreement or otherwise, Escrow Agent shall have the right to represent or otherwise serve as attorneys for Sellers.

(p) Escrow Agent is designated the "real estate reporting person" for purposes of Section 6045 of Title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Sellers as required under the aforementioned statute and regulation.

27. RIGHT OF FIRST REFUSAL. In the event Sellers, or any affiliate of Sellers which owns the Westampton Property and/or the property described on Schedule "Y" (the "Additional Property") ("Owner") shall receive a bona fide offer (the

"Offer") to purchase the Westampton Property and/or the Additional Property, or any portion thereof, which Offer such Owner wishes to accept, Owner shall deliver a notice (hereinafter referred to as the "Offer Notice") to Purchaser setting forth all of the terms of said Offer together with a true copy of the Offer (which must be in writing). Purchaser shall thereafter have the right, exercisable by notice to Owner, within thirty (30) days after the date of receipt of the Offer Notice, to elect to purchase the Westampton Property and/or the Additional Property, or any portion thereof, as the case may be, upon the same terms and conditions set forth in the Offer and, if Purchaser so elects, within ninety (90) days after the date of receipt of such Offer Notice, Purchaser and Owner shall enter into a purchase agreement in substantially the form of this Agreement (including the provisions of Paragraph 14 hereof) reflecting the applicable terms of the Offer for the purchase of the Westampton Property and/or the Additional Property, or any portion thereof, as the case may be. At Closing, Purchaser shall pay the purchase price set forth in the Offer Notice thereof (less any amount which would have been attributable to brokerage commissions) by wire transfer of United States funds to the account designated by Owner. Owner and Purchaser agree to execute a Memorandum of this Agreement (the "Westampton Memorandum"), in recordable form, setting forth the rights set forth in this Paragraph 27, which Purchaser may record against the Westampton Property and the Additional Property.

28. ROLLBACK TAXES. Any "rollback taxes" assessed or to be assessed against any Premises identified on Schedule "B" pursuant to the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1, et seq., shall be paid by Seller. If rollback taxes will be due with respect to any Premises but are not assessed at the Closing Date, a good-faith estimate of the amount of same shall be obtained by the parties from the tax assessor of the applicable Township, at least twenty-four (24) hours prior to Closing, and Seller shall pay one hundred twenty-five (125%) percent of the amount of said estimate from the proceeds at Closing into escrow to be held by the Title Company until such time as the rollback tax assessment against the respective Premises is made. Upon Title Company's receipt of notice from Purchaser that said rollback taxes have been assessed against the Premises, Title Company shall, within three (3) business days thereof, pay said taxes to the appropriate Township. In the event the amount of the monies being held in escrow by Title Company are not sufficient to cover payment of said rollback taxes, then Seller shall promptly pay to Purchaser any additional monies that are due and payable by Seller in accordance with the terms and provisions of this Paragraph; and in the event the amount of the escrow monies are in excess of the amount of said rollback taxes, then Title Company shall disburse the remaining balance of the escrow funds to Seller after the amount of the escrow monies due to Purchaser have been disbursed to the appropriate Township, in accordance with the terms and provisions of the immediately

proceeding sentence. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligations under this Paragraph 28.

29. MISCELLANEOUS.

(a) This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective heirs, successors, legal representatives and assigns.

(b) This Agreement may be executed in one or more counterparts, each of which when so executed and delivered by each party to the other shall be deemed an original, but all of which when taken together shall constitute but one and the same instrument.

(c) At any time or from time to time, upon written request of the other party, each party shall execute and deliver all such further documents and do all such other acts and things as reasonably may be required to confirm or consummate the within transaction.

(d) The captions preceding the paragraphs of this Agreement are intended only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(e) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. No variations or modifications of or amendments to the

terms of this Agreement shall be binding unless in writing and signed by the parties hereto. The respective attorneys for each party are authorized to modify any dates or time periods set forth herein.

(f) The terms, conditions, covenants and provisions of this Agreement shall be deemed to be severable. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, the same shall be deemed to be severable and shall not affect the validity of any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect.

(g) The obligations of each party to complete the transactions contemplated hereby is subject to the satisfaction, as of Closing, of all of the terms, conditions and obligations to be met and/or performed by the other party or which otherwise are for the benefit of such party, any of which conditions and/or obligations may be waived in whole or in part by the party which is the beneficiary of such condition or obligation.

(h) Each party, at its sole cost and expense, shall have the right to record a short form memorandum of this Agreement, which memorandum shall not set forth the Purchase Price or terms of payment, and each party agrees to execute any such short form memorandum upon the request of the other party.

(i) As used in this Agreement, the masculine gender shall include the feminine or neuter genders and the neuter

gender shall include the masculine or feminine genders, the singular shall include the plural and the plural shall include the singular, wherever appropriate to the context.

(j) This Agreement shall be governed by and enforced in accordance with the substantive laws of the State of New Jersey.

30. SELLER'S RIGHT TO EXCHANGE PROPERTY.

(a) (i) Seller shall have the right, exercisable at least five (5) days prior to Closing, to elect to exchange the Property for other property of like kind ("Exchange Property") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended.

(ii) If Seller elects to effect any exchange, it shall notify Purchaser as to all details thereof, and Purchaser shall execute a contract to purchase the Exchange Property in a form satisfactory to Seller (hereinafter called the "Exchange Contract"), and immediately thereafter shall assign all of its right, title and interest in and to the Exchange Contract to the Exchange Escrow Agent, as hereinafter defined. The funds required to pay the deposit under the Exchange Contract shall be provided to Purchaser by Seller or Exchange Escrow Agent. The Exchange Contract shall provide for the right of assignment by Purchaser to Exchange Escrow Agent and/or Seller without recourse, and that the seller of the Exchange Property shall look only to the deposit monies thereunder as liquidated damages, there being no liability on the part of Purchaser to said seller.

Purchaser shall not be obligated to execute an Exchange Contract which would require Purchaser to be personally liable on any indebtedness or to incur any cost or expense which would increase Purchaser's liability beyond that liability incurred by Purchaser hereunder.

(iii) In no event, however, shall the closing of title to the Property be delayed due to the inability of Seller to select an Exchange Property or close title thereto.

(b) (i) If Seller shall elect to exchange the Property pursuant to this Paragraph, whether or not an Exchange Property has been designated, as herein set forth, the Purchase Price, exclusive of the satisfaction of liens, payment of closing costs and other permitted expenses, shall be deposited with the Exchange Escrow Agent ("Escrow Account"), subject to the Exchange Escrow Agent executing an agreement reasonably satisfactory to Purchaser whereby Exchange Escrow Agent agrees to be bound by the terms and conditions of this Paragraph 30, and shall not be paid to Seller at Closing. The Escrow Account shall be held by Exchange Escrow Agent in an interest bearing account, pursuant to the terms hereof. The interest earned upon the Escrow Account while being held by Exchange Escrow Agent shall be added to the Escrow Account and shall be paid to Seller at the closing of the Exchange Property.

(ii) Purchaser appoints its title insurance company or such other title insurance company or other entity as Purchaser reasonably may designate, its agent, in order to

effectuate the Exchange (the "Exchange Escrow Agent"). Purchaser and Seller shall cooperate with each other and Exchange Escrow Agent and promptly shall sign and deliver to Exchange Escrow Agent all documents reasonably deemed necessary by Seller in order to qualify this transaction pursuant to Internal Revenue Code Section 1031.

(iii) Seller shall pay all fees relating to the Escrow Account, and all reasonable attorneys' fees and expenses of Purchaser, if any, relating to the exchange transaction and in no event shall Purchaser be required to assume any liability thereunder.

(iv) During the period that the Escrow Account is in existence, Seller shall not have any control, directly or indirectly, over the funds placed in the Escrow Account, except as may be expressly provided herein.

(v) If, at the time of Closing, Seller shall not have designated the Exchange Property, then if within forty-five (45) days following Closing, Seller shall deliver to Purchaser and to Exchange Escrow Agent a designation of an Exchange Property which Seller desires to acquire by way of exchange for the Property transferred to Purchaser at Closing ("Designation"), the parties shall proceed as provided for herein. If there is no timely Designation, then Exchange Escrow Agent, on the forty-sixth (46th) day after Closing (or, if such day is a Saturday, Sunday or legal holiday, on the first business day thereafter) shall disburse to Seller the Escrow Account and all

interest earned thereon shall be paid to Purchaser.

(vi) Any Designation of an Exchange Property shall include an Exchange Contract, or thereafter Seller shall provide Purchaser with an Exchange Contract, which Exchange Contract shall comply with the terms set forth in Subparagraph 30.(a). The parties acknowledge that there may be multiple Exchange Properties and that multiple Designations may be delivered, provided that each meets the conditions set forth herein and the requirements of the

Internal Revenue Code Section 1031 and regulations thereunder.

(vii) Upon receipt by Purchaser of an Exchange Contract, it shall execute and deliver the Exchange Contract to the seller of the Exchange Property ("Exchange Seller"), Seller and Exchange Escrow Agent. Thereafter, Purchaser shall assign its interest in the Exchange Contract to Exchange Escrow Agent, it being agreed that Purchaser shall not take title to any Exchange Property.

(viii) Upon Purchaser executing any Exchange Contract, and in accordance therewith, Exchange Escrow Agent shall pay from the Escrow Account to Exchange Seller, or such other party as is provided for in the Exchange Contract, the amount of the deposit and all other monies required under the Exchange Contract or otherwise related to the transaction.

(ix) Exchange Escrow Agent shall not be liable to either Seller or Purchaser in connection with its performance as Exchange Escrow Agent, except in the event of intentional

wrongdoing or negligence. Exchange Escrow Agent is authorized only to do those acts necessary and proper to effect the purpose of this Agreement.

(x) The Exchange Escrow Agent shall use the Escrow Account, for payment of the deposit and all other payments due under the Exchange Contract to purchase the Exchange Property, plus closing costs, and for no other purpose.

(xi) If the payment for the Exchange Property shall exceed the amount of the Escrow Account, Seller either shall: (i) deposit an amount equal to such excess with Exchange Escrow Agent no later than the day of the Exchange Property Closing; or (ii) cause or direct that the funds necessary to effectuate the Exchange Property Closing be paid directly to Exchange Seller at the Exchange Property Closing.

(xii) At the Exchange Property Closing, the following shall be deposited or caused to be deposited with Exchange Escrow Agent: (i) a deed for the Exchange Property from Exchange Seller as grantor to Seller, as grantee; and (ii) any other documents or agreements necessary or incidental to the acquisition or conveyance of the Exchange Property.

(xiii) When all documents and funds called for herein have been deposited with Exchange Escrow Agent and when a title policy can be issued on the Exchange Property to Seller, subject only to title exceptions approved by Seller, Exchange Escrow Agent shall record the deed, disburse the funds and deliver all other documents to Seller. All expenses,

reimbursements and prorations in connection with the Exchange Property shall be governed by the provisions of the Exchange Contract, except as expressly set forth herein.

(xiv) Purchaser makes no warranty with respect to the Exchange Property and Seller assumes all responsibility for title to the Exchange Property being good and marketable. Seller agrees to indemnify Purchaser and hold Purchaser harmless from any damages, liability, costs, expenses, claims, losses or demands (including reasonable attorneys' fees and costs of litigation including those for enforcing this indemnity), arising out of or in any way related to the acquisition of the Exchange Property. If the Exchange Property is subject to any mortgage, deed of trust or lease, Purchaser shall assume no liability or obligation with respect to said mortgage, deed of trust or lease. Purchaser makes no representations as to the tax consequences of any aspect of this transaction.

(xv) If the Exchange Property as may be designated by Seller is not conveyed to Seller within the earlier of: (i) one hundred eighty (180) days after Closing; or (ii) the due date (determined with regard to extensions) of Seller's federal income tax return for the taxable year in which the transfer of the Property occurs or if no Exchange Property is designated within forty-five (45) days following Closing, then the Escrow Account shall be released to Seller, free of the escrow, and the obligations of Purchaser and Exchange Escrow Agent shall end. Notwithstanding failure of the Exchange Property to be conveyed

to Seller as hereinabove set forth, the transfer of the Property to Purchaser shall not be subject to recession or revocation by Seller or Purchaser for any reason whatsoever.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals or caused these presents to be signed and sealed by duly authorized persons the day and year first above written.

SELLERS:

WITNESSES:

_____ _____
JOHN S. McGARVEY

_____ _____
JOANNE H. McGARVEY

WITNESS: THE MOORESTOWN WEST

PARTNERSHIP

_____ By:_____

Name:_____

Title:_____

WITNESS: FOSTER FLEX ASSOCIATES, L.L.C.

_____ By:_____
Name:_____
Title:_____

WITNESS: LANCER ASSOCIATES, L.L.C.

_____ By:_____
Name:_____
Title:_____

WITNESS: LENOLA FLEX, L.L.C.

_____ By:_____
Name:_____
Title:_____

WITNESS: THE MCGARVEY PARTNERSHIP

_____ By:_____
John S. McGarvey

WITNESS: BROMLEY COMMONS ASSOCIATES

_____

By:_____

Name:_____
Title:_____

WITNESS: CAMBRIDGE MANAGEMENT ASSOCIATES

_____ By:_____
Name:_____
Title:_____

WITNESS: TWOSOME FLEX ASSOCIATES, L.L.C.

_____ By:_____
Name:_____
Title:_____

PURCHASER:

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

_____ By:_____
Name:_____
Title:_____

ATTEST: BURLINGTON COMMERCE REALTY ASSOCIATES L.P.
By: Mack-Cali Sub XVI, Inc., its general partner

_____ By:_____

Name:_____
Title:_____

AS TO PARAGRAPH 23:

WITNESS:

_____

_____
JOHN S. McGARVEY, d/b/a
McGARVEY DEVELOPMENT COMPANY

AS TO PARAGRAPH 25:

WITNESSES:

_____

_____
WILLIAM G. PRICE, JR.

_____

_____
JOHN S. McGARVEY

AS TO PARAGRAPH 26:

WITNESS:

ARCHER & GREINER (Escrow Agent)

_____

By:_____

AS TO PARAGRAPH 27:

WITNESS:

LANCER ASSOCIATES, L.L.C.

_____

By:_____
Name:_____
Title:_____

WITNESS:

THE MOORESTOWN TWOSOME

_____

By:_____
Name:_____
Title:_____

AS TO PARAGRAPH 27:

WITNESS:

WESTVIEW LAND, L.L.C.

_____

By:_____
Name:_____
Title:_____

WITNESS:

_____

_____
JOHN H. McGARVEY

WITNESS:

_____

_____
JOANNE S. McGARVEY

EXHIBIT NO. 10.131

AGREEMENT OF SALE

AGREEMENT made this day of January, 1998, by and between Lancer Associates, L.L.C. and The Moorestown Twosome, both having an office at 840 North Lenola Road, Moorestown, New Jersey 08507 (hereinafter collectively called "Seller") and MACK-CALI REALTY, L.P., a Delaware limited partnership, having an office at 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter called "Purchaser").

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the mutual covenants hereinafter contained:

31. AGREEMENT TO SELL AND PURCHASE.

(a) Seller hereby agrees to sell and convey, and Purchaser hereby agrees to purchase, subject to the conditions set forth herein, those certain plots, pieces or parcels of land ("Lands"), together with all buildings and improvements located thereon or to be constructed thereon, and any appurtenances or hereditaments appertaining thereto ("Improvements"), located in the Township of Moorestown, County of Burlington, State of New Jersey (hereinafter referred to collectively as the "Premises"). The Lands and Improvements are known and designated by address and by Block and Lot on the Township's Tax Map, as set forth on Schedule "A", attached hereto and made a part hereof, and are

more particularly described on Schedule "B", attached hereto and made a part hereof.

(b) This sale includes, for no additional consideration, all of the right, title and interest, if any, of Seller in and to the following:

(i) All fixtures, equipment and articles of personal property necessary or appropriate for the operation or use of each Premises, and any replacements or substitutions therefor and additions thereto ("Personal Property"), all trade names and fictitious names used by Seller in connection with any Premises ("Names"), and all documents, records and books of account relating to the construction, ownership, leasing, operation, management, maintenance and/or financing of any Premises, which are in the possession or control of Seller ("Records"). All of said Personal Property, Names and Records shall be included in the deeds of conveyance, Bills of Sale and/or assignments to be delivered at Closing (as hereinafter defined), as Purchaser may request;

(ii) Any land lying in the bed of any street, or road open or proposed in front of, adjacent to, or adjoining any Premises, to the center lines thereof, and any future award, if any, for damages to said Premises by reason of change of grade of any street and all rights of way appurtenant thereto ("Appurtenant Property"); and Seller shall execute and deliver to Purchaser, at Closing or thereafter, on demand, all proper instruments for the conveyance of such title and for the

assignment and collection of any such award.

The Premises, Personal Property, Names, Records and Appurtenant Property are referred to herein singularly or collectively as the "Property" or "Properties".

32. PURCHASE PRICE.

(a) The Closing for each Property will be conducted in phases as each Property is improved with Improvements in accordance with the terms of this Agreement. The purchase price for each Property (the "Purchase Price") shall be an amount equal to the Capitalized Value (as hereinafter defined) for such Property, subject to the closing adjustments and prorations described in Paragraph 9.

(b) (i) The term "Capitalized Value" means, with respect to a Property, an amount determined after Leasing Stabilization (as hereinafter defined) for such Property having been achieved, by dividing (a) projected Net Operating Income (as hereinafter defined) for each Property for the twelve (12) month period succeeding the proposed Closing Date (as hereinafter defined) for the applicable Property, by (b) the Applicable Cap Rate (as hereinafter defined).

(ii) The term "Net Operating Income" means, with respect to a Property, the sum of (a) Gross Cash Receipts (as hereinafter defined) for such Property, less (b) the Operating Expenses (as hereinafter defined) for such Property.

(iii) The term "Gross Cash Receipts" means all projected revenues derived from Leases (as hereinafter defined)

for such Property determined on an accrual basis for the twelve (12) month period succeeding the proposed Closing Date for such Property, including from (1) rental of space at such Property, (2) parking facilities at such Property, (3) concessions, (4) other miscellaneous operating sources, and (5) rental interruption insurance, if any, and shall not include deposits until the same are forfeited by the person making such deposits or advance rentals until such time as they are earned by Seller. Gross Cash Receipts shall not include insurance loss proceeds (except for any proceeds from rental interruption insurance) or any award or payment made by any governmental authority in connection with the exercise of any right of eminent domain or any proceeds from

financing, sale, exchange or other disposition of such Property.

(iv) The term "Operating Expenses" means, any and all projected costs and expenses of operation and management of such Property determined on an accrual basis for the twelve (12) month period succeeding the proposed Closing Date for such Property, excluding any costs incurred as a result of environmental testing and/or remediation, depreciation and other non-cash expenditures, and including real estate taxes, insurance, administrative and other management fees paid to third parties, maintenance and repairs, incurred in connection with such Property and any and all other expenses which under generally accepted accounting principles are regarded as expenses of the Property as set forth in the Approved Project Pro-Forma

(as hereinafter defined).

(v) The "Applicable Cap Rate" shall be determined by first establishing the Cost Cap (as hereinafter defined) and then selecting the corresponding Applicable Cap Rate based on the following schedule:

Cost Cap:	Applicable Cap Rate:
10.6% and below	10.1%
greater than 10.6% to 11%	10.2%
greater than 11% to 11.5%	10.3%
greater than 11.5%	10.4%

(vi) The "Cost Cap" with respect to a Property shall be determined once Leasing Stabilization has been achieved for such Property by dividing (a) the projected Net Operating Income for such Property for the twelve (12) month period succeeding the proposed Closing Date, by (b) the Project Costs (as hereinafter defined) for such Property.

(vii) The term "Project Costs" means an amount equal to the sum of, without duplication, (1) all Hard Costs (as hereinafter defined), (2) all Soft Costs (as hereinafter defined) and (3) an amount equal to the product of (a) Land Value (as hereinafter defined) and (b) the number of acres contained in the Property upon which the particular Improvements are being constructed.

(viii) The term "Soft Costs" means all costs incurred in connection with the construction of Improvements and initial leasing of a particular Property which are not properly categorized as Hard Costs or Operating Expenses as more particularly set forth in the Approved Project Pro-Forma (as

hereinafter defined) and shall include, (1) construction period interest, (2) lease brokerage commissions, (3) commitment fees for construction financing, (4) title insurance, (5) surveys (including the "as-built" survey required by the terms of Paragraph 4(f)) and plans, (6) appraisals, (7) permits, licenses and temporary and permanent certificates of occupancy, (8) professional fees, including architects, engineers, accountants and attorneys, (9) insurance, including fire, extended coverage and all risk, (10) real estate taxes and assessments, water rates, sewer charges and utility charges and (11) a developer's fee in the amount of seven (7%) percent of the Hard Costs and Soft Costs for such Property. Soft Costs shall not include any costs incurred as a result of environmental testing and/or remediation.

(ix) The term "Hard Costs" means the costs and expenses in respect of supplying goods, services, materials, labor (including fringe benefits), equipment and fixtures for and in connection with the construction of Improvements on a particular Property, including overhead equal to the Applicable Overhead Percentage (as hereinafter defined) of Hard Costs and profit equal to the Applicable Profit Percentage (as hereinafter defined) of Hard Costs. The "Applicable Overhead Percentage" and "Applicable Profit Percentage" shall be determined by first establishing the Hard Costs incurred directly by McGarvey Construction Co., Inc. and the Hard Costs incurred by all subcontractors for a particular Property and converting same to a

percentage based upon the following fraction:

McGarvey Construction Co., Inc. Hard Costs = the Percentage
McGarvey Construction Co., Inc. Hard Costs
plus all third party Subcontractor costs

and then selecting the corresponding Applicable Overhead Percentage and Applicable Profit Percentage based on the following schedule:

Percentage	Applicable Overhead Percentage	Applicable Profit Percentage
40% or greater	10.0%	10.0%
greater than 30% but less than 40%	7.5%	7.5%
30% or less	5.0%	5.0%

(x) The term "Land Value" shall initially mean an amount equal to Eighty-Five Thousand ($85,000.00) Dollars per acre. On the first anniversary of the date of this Agreement and on each anniversary thereafter, the Land Value shall be the greater of (A) Eighty-Five Thousand ($85,000.00) Dollars per acre, or (B) a sum equal to Eighty-Five Thousand ($85,000.00) Dollars per acre and that percentage of said amount as is equal to the percent

of increase, if any, in the Consumer Price Index for All Urban Consumers (revised CPI-U) New York - Northeastern New Jersey, All Items revised 1982-1984 equals 100 published by the Bureau of Labor Statistics, U.S. Department of Labor

(hereinafter called the "Index"), as of the date of this Agreement over the said Index as of the anniversary of the date of this Agreement immediately preceding the date of receipt of the Approved Project Pro-Forma for a particular Property; provided, however, that in no event shall the Land Value be greater than Ninety Thousand ($90,000.00) Dollars per acre (the "Land Value Limit"). Notwithstanding the foregoing, the Land Value Limit shall not be applicable to Block 3500, Lot 49, Moorestown, New Jersey. In the event the Index hereinabove referred to ceases to incorporate a significant number of the items set forth therein as of the date hereof, or if a substantial change occurred in the manner of computing such Index, then the Index shall be deemed to be the figure that would have resulted had no change occurred in the manner of computing such Index. In the event the Index (or a successor or substitute index) becomes unavailable, a reliable governmental or other nonpartisan publication evaluating the information theretofore used in determining the Index shall be used in lieu of such Index. In the event of any dispute between the parties as to the manner of computing any adjustment in the Land Value, or as to the Index to be used, or as to any other matter arising under this Paragraph 2, such dispute shall be resolved by arbitration as provided in Subparagraph (c) below. Purchaser shall have the right to audit Seller's books and records to verify Seller's calculation of Project Costs. Upon Purchaser's request, Seller shall promptly deliver to Purchaser copies of relevant backup

materials (including, but not limited to, contracts, correspondence and paid invoices) reasonably required by Purchaser.

(c) Either party may at any time request arbitration for determining the Hard Costs, Soft Costs, Applicable Overhead Percentage, Applicable Profit Percentage, the Land Value, Index to be used and/or the Applicable Cap Rate for a particular Property. The party requesting arbitration shall do so by giving notice to that effect to the other party, specifying in said notice the nature of the dispute, and said dispute shall be determined in Trenton, New Jersey, by a panel of three arbitrators, in accordance with the rules when obtaining of the American Arbitration Association (or any organization which is the successor thereto) (the "AAA"). Each party shall, within ten (10) days after the request for arbitration, each choose one arbitrator and the two (2) arbitrators shall, within ten (10) days after appointment, choose a third arbitrator. If the two (2) arbitrators chosen by Seller and Purchaser do not agree upon a third (3rd) arbitrator within the time provided, the third (3rd) arbitrator shall be appointed by the AAA. The award in such arbitration may be enforced on the application of either party by the order of judgment of a court of competent jurisdiction. The fees and expenses of any arbitration shall be borne by the parties equally, but each party shall bear the expense of its own attorneys and experts and the additional expenses of presenting its own proof.

(d) The Purchase Price for a Property shall be payable at the Closing of each Property by immediately available funds in accordance with wiring instructions of Seller.

(e) Notwithstanding anything to the contrary contained in this Agreement, the Applicable Cap Rate for 41 Twosome Drive (Flex XX) and 915 North Lenola Road (Flex XXVI) shall be 9.8%.

33. DEPOSIT.

(a) Upon achieving Leasing Stabilization for a particular Property, Purchaser shall deliver to Escrow Agent (as hereinafter defined in Paragraph 3.(b) hereof) an irrevocable letter of credit in substantially the form of the letter of credit annexed hereto as Schedule "E" (the "Letter of Credit") in the sum of five (5%) percent of the projected Purchase Price for such Property.

(b) The Letter of Credit shall be deposited with Archer & Greiner, Esqs., attorneys for Seller ("Escrow Agent"), and shall be held by Escrow Agent in accordance with the provisions of Paragraph 24 hereof (unless otherwise stated), subject to the following terms:

(i) At Closing of the particular Property hereunder, the Letter of Credit shall be delivered to Purchaser;

(ii) If this Agreement is terminated pursuant to its terms except for Purchaser's default, the Letter of Credit shall be delivered immediately to Purchaser without application of Paragraphs 24(d)-(h);

(iii) If this Agreement is terminated due to

Purchaser's default, the Letter of Credit shall be delivered immediately to Seller as liquidated damages pursuant to Paragraph 18 hereof; and

(iv) If this Agreement is terminated by Purchaser for any other reason, including due to Seller's default, the Letter of Credit shall be delivered to Purchaser.

34. CONSTRUCTION OF IMPROVEMENTS.

(a) Simultaneously with the execution and delivery of this Agreement, Purchaser has entered into a certain Agreement of Sale with Seller and certain affiliates of Seller (the "Agreement of Sale") relating to certain property in the vicinity of a portion of the Properties (the "Adjacent Properties"), more particularly described on Schedule "F" annexed hereto and made a part hereof. As an inducement for Purchaser to execute and deliver this Agreement, Seller covenants and agrees, that from and after the date hereof, at

anytime when the Adjacent Properties Leasing Threshold (as hereinafter defined) is not satisfied, Seller shall not commence construction of any Improvements on the Properties or any portion thereof provided, however, that Seller shall have the right to complete any construction commenced in accordance herewith. Upon breach of the aforesaid covenant by Seller, Purchaser shall have all remedies given to it at law and in equity, including, the right to obtain injunctive relief and/or to commence and prosecute an action for damages. "Adjacent Properties Leasing Threshold" means, with respect to the Adjacent Properties, leases for ninety

(90%) percent of the aggregate Floor Area (as hereinafter defined) therein have been executed and are in full force and effect (without landlord having declared a default pursuant to such leases), the tenants thereof shall have accepted delivery of possession of their respective premises and the security deposit, if any, and at least one (1) months rent has been paid by each such tenant. "Floor Area" means the floor area stated in square feet bounded by the exterior faces of the exterior walls of a particular building. Any reference to Floor Area of a building shall mean the floor areas of all levels or stories of such building, excluding any roof, any interior basement level, any mechanical room, enclosed or interior truck dock, interior common areas and areas used by the landlord for storage, for housing meters and/or other equipment or for other purposes.

(b) At such times as the Adjacent Properties Leasing Threshold is satisfied and Seller shall desire to construct Improvements on a Property, it shall so notify Purchaser or its successors and/or assigns (the "Project Commencement Notice"). In such event, Seller shall prepare a project pro-forma budget for development of the particular Property (the "Project Pro-Forma") generally in the form annexed hereto as Schedule "D" and made a part hereof and deliver same to Purchaser or its successors and/or assigns within thirty (30) days of the Project Commencement Notice. The Project Pro-Forma shall set forth the estimate of all Project Costs of developing and constructing Improvements on the particular Property, including, all Hard

Costs; all Soft Costs; the Land Value; the time for commencement, completion and rent-up; all details of the financing and equity funds required for the project; the cost of tenant improvements; the percentage of office Floor Area and warehouse Floor Area within all proposed tenant spaces; and anticipated lease terms. Upon receipt of the Project Pro-Forma for a particular Property, Purchaser shall have ten (10) days to approve or disapprove the Project Pro-Forma. If Purchaser disapproves the Project Pro-Forma, it shall so notify Seller, which notice shall specify the items to which Purchaser does not approve. Seller shall revise the Project Pro-Forma in accordance with any reasonable requirements of Purchaser and resubmit same to Purchaser for Purchaser's approval within ten (10) days after receipt of Purchaser's notice of disapproval. The revisions and resubmissions shall continue until Purchaser shall have approved the Project Pro-Forma (the "Approved Project Pro-Forma").

(c) Within sixty (60) days after Purchaser approves the Project Pro-Forma, Seller shall prepare and furnish to Purchaser complete architectural drawings and specifications (the "Plans and Specifications") for the construction of Improvements on the Property. The Plans and Specifications shall be prepared by a licensed architect or engineer retained by Seller. Purchaser agrees to review the Plans and Specifications and in each case to approve same or to state what changes, if any, Purchaser requires therein within thirty (30) days after receipt thereof. If Purchaser requires any changes, Seller shall cause

the Plans and Specifications to be revised in accordance with any reasonable requirements of Purchaser and to resubmit same to Purchaser for Purchaser's review within fifteen (15) days after receipt of Purchaser's changes. The revisions and resubmissions shall continue until Purchaser shall have approved the Plans and Specifications (said approved Plans and Specifications being hereinafter called the "Approved Plans and Specifications"). Purchaser's approval of the Plans and Specifications shall not constitute an opinion or agreement by Purchaser that the Improvements are structurally sufficient or that the Approved Plans and Specifications are in compliance with law (it being agreed that such sufficiency and compliance are solely Seller's responsibility). Seller shall provide Purchaser with two (2) sets of the Approved Plans and Specifications and Seller and Purchaser shall execute counterparts thereof. The Approved Plans and Specifications shall be final and shall not be changed by Seller without the prior consent of Purchaser.

(d) Seller covenants and agrees that upon approval of the Plans and Specifications, it shall, commence promptly and with due diligence proceed to construct the Improvements on the Property in accordance with the Approved Plans and Specifications, including, without limitation, utility lines, drainage, lighting facilities, grading and paving, landscaping, approaches, entrances, exits, ramps, sidewalks, roadways, curb cuts, loading areas, platforms, service roads and all buildings required to be constructed pursuant to the Approved Plans and

Specifications. The construction work shall be done in a first class, good and workmanlike manner and in compliance with all applicable laws, orders and regulations of federal, state, county and municipal authorities having jurisdiction. Seller, at its sole cost and expense, shall obtain or cause to be obtained all building permits, licenses, temporary and permanent certificates of occupancy and other governmental approvals which may be required to permit the construction of the Improvements in accordance with the Approved Plans and

Specifications and the use or occupancy thereof.

(e) Purchaser may, on reasonable prior notice to Seller, visit the job site to inspect the progress and performance of the work and the materials being incorporated into the Improvements.

(f) Within ten (10) days prior to Closing but not later than thirty (30) days after Substantial Completion of construction of the Improvements on a Property, Seller shall, at its sole cost, deliver to Purchaser an accurate "as built" survey of the Improvements certified to Purchaser and its designees by a duly licensed surveyor including the information set forth on Schedule "G", together with three (3) sets of "as built" plans of the Improvements, including, without limitation, architectural and mechanical plans.

(g) Seller shall, at its own expense, maintain or cause to be maintained in force a policy or policies of insurance written by one or more responsible insurance carriers acceptably

rated by national rating organizations insuring against liability for bodily injury, death and property damage of any person or persons in connection with construction work to be performed pursuant to this Agreement, with minimum limits as set forth below:

(A) Worker's Compensation: Statutory Limits.

(B) Employer's Liability: $100,000.00.

(C) Comprehensive General Liability covering the following:

(1) Bodily injury, death and property damage having a combined single limit of liability of not less than Two Million ($2,000,000.00) Dollars;

(2) Owner's Protective Liability: $1,000,000.00 per occurrence;

(3) Products Completed Operations Coverage: (to be kept in effect for two (2) years after completion);

(4) "XCU" Hazard Endorsement, if applicable;

(5) "Broad Form" Property Damage Endorsement;

(6) "Personal Injury" Endorsement;

(7) Contractual Liability Endorsement. Such policy or policies shall provide, among other things, that the insurer(s) specifically recognize and insure the obligations undertaken by Seller pursuant to this Agreement and shall name Purchaser as an additional insured. Prior to commencement of any construction, Seller shall deliver a certificate of insurance

evidencing the existence in force of such policy or policies of insurance. Such certificate shall provide that such insurance will not be canceled or materially amended unless twenty (20) days prior written notice is given to Purchaser.

(h) Seller covenants and agrees, at its sole cost and expense, to promptly make, or cause to be made, all repairs and replacements to the applicable work arising from defective labor and/or materials during the period commencing on the later of (1) final completion of such Improvements and (2) the Closing Date of a particular Property, and terminating on the date which is one (1) year therefrom.

(i) Seller shall give Purchaser at least sixty (60) days prior notice of the date of Substantial Completion (the "Substantial Completion Notice") for a particular Property.

(j) Seller has advised Purchaser that it has commenced construction of 2 buildings on a portion of the Property known as 41 Twosome Drive and 915 North Lenola Road. Within thirty (30) days from the date of this Agreement, Seller shall furnish Purchaser with the Project Pro-Forma and the Plans and Specifications for such Properties. Upon receipt of such Project Pro-Forma and Plans and Specifications, Purchaser shall have ten (10) days to approve or disapprove. If Purchaser disapproves, it shall so notify Seller, which notice shall specify the items to which Purchaser does not approve. Seller shall use its best efforts to revise the Project Pro-Forma and/or Plans and Specifications, as the case may be, in accordance with any

reasonable requirements of Purchaser and resubmit same to Purchaser for Purchaser's approval within ten (10) days after receipt of Purchaser's notice of disapproval. The revisions and resubmissions shall continue until Purchaser shall have approved the Project Pro-Forma and Plans and Specifications for such Properties. Notwithstanding the foregoing, Purchaser agrees not to unreasonably

withhold or delay its approval if the Plans and Specifications for such Properties are the same or substantially similar to the properties commonly known as 30 Twosome Drive, 40 Twosome Drive and 50 Twosome Drive. In addition, Purchaser shall not unreasonably withhold or delay its consent to the Project Pro-Forma for such Properties, if same is generally consistent with the project pro-forma for 30 Twosome Drive, 40 Twosome Drive and 50 Twosome Drive and in the form annexed hereto as Schedule "D".

35. TITLE.

(a) Seller shall convey title to each Property which it owns and Purchaser shall accept Marketable Title (as hereinafter defined), subject only to the encumbrances set forth on Schedule "H" ("Permitted Encumbrances"). Marketable Title shall mean that fee title to each of the Properties is vested in Seller and shall be insured as such by a title company selected by Purchaser (herein referred to as the "Title Company") at standard rates; and that Purchaser shall not incur any damage, cost or expense resulting from any encroachment or overlap affecting any of the Properties. Title Company shall certify

that Seller has the right, authority and power to enter into and to perform its obligations hereunder. The legal description in the Binder (as hereinafter defined) and in the Deed (as hereinafter defined) shall be in accordance with current surveys showing the completed Improvements on a particular Property satisfactory to Title Company and Purchaser.

(b) Upon receipt of the Approved Project Pro-Forma, Purchaser, at its cost and expense, shall order a title insurance binder for the applicable Property (herein referred to as the "Binder") and prior to the expiration of the Due Diligence Period (as hereinafter defined) shall deliver to Seller's attorney notice of any objections to title which are not Permitted Encumbrances. After the execution hereof, without Purchaser's prior consent, which consent shall not be unreasonably withheld or delayed, no further liens, encumbrances, easements or restrictions shall be created or filed ("Subsequent Encumbrances") on or with respect to any of the Properties except for construction mortgages the proceeds of which are used for construction of Improvements on a particular Property. Each Binder, at the request of Purchaser, shall contain the following endorsements so that at Closing, Title Company will issue an Owner's Policy of Title Insurance (American Land Title Association Owner's Policy - 1992 or equivalent, in Purchaser's sole judgment), in the full amount of the Purchase Price for such Property (the "Title Policy" or "Title Policies"):

(i) a zoning endorsement certifying that the

insured Property is not subject to any ordinance, regulation or restriction which in any way would prohibit or restrict the construction, maintenance and/or use of the insured Property for its present use;

(ii) an endorsement insuring contiguity between or among all of the tracts or parcels of land comprising the insured Property;

(iii) an endorsement deleting any coverage exclusions with respect to creditor's rights; and

(iv) an endorsement affirmatively insuring access to public streets, highway and roadways.

If any Binder discloses any exceptions, liens, encumbrances, defects or objections other than the Permitted Encumbrances or if, after execution hereof, a Subsequent Encumbrance shall be placed against any of the insured Property (herein collectively called the "Title Defect(s)"), then Purchaser shall have the right to: (i) require Seller to use best efforts to cure any such Title Defects (except that Seller shall be obligated to cure any Title Defects which can be removed solely by the payment of a sum of money); (ii) attempt to cure any such Title Defect; (iii) accept such title as Seller shall be able to convey and proceed to Closing without reduction in the Purchase Price; (iv) cause a title report and title insurance policy to be issued by another title company without such Title Defect; (v) elect not to purchase such insured Property and to proceed to purchase the remaining Properties, provided, however, if Seller gives notice

to Purchaser within five (5) days after Purchaser's election under this subparagraph (v), that Seller intends to cure such Title Defects and thereafter cures such Title Defects in accordance with the terms of this Agreement within thirty (30) days after receipt of notice from Purchaser of its election under this subparagraph (v), then such Property shall be included in the sale pursuant to the terms of this Agreement; and/or (vi) declare this Agreement null and void, whereupon Purchaser shall be entitled to the return of the Letter of Credit. The right of Purchaser to terminate this Agreement may be exercised following the exercise of its other rights hereunder. The time of Closing shall be extended for a period of up to sixty (60) days, if necessary, to permit Purchaser to pursue the exercise of its rights hereunder.

(c) If at Closing there are liens or encumbrances against any of the Properties other than Permitted Encumbrances, Seller may use any portion of the Purchase Price for such Property to satisfy same, provided Seller, at Closing, either shall: (1) deliver to Purchaser instruments in recordable form sufficient to satisfy such liens or encumbrances of record, together with the cost of recording or filing said instruments; or (2) deposit with Title Company sufficient monies acceptable to Title Company to insure obtaining and recording of such satisfactions and the issuance of a Title Policy for such Property to Purchaser free and clear of any such liens or encumbrances, but only to the extent that such liens or

encumbrances are in favor of and held by institutional lenders. The existence of any such liens or encumbrances shall not be deemed objections or exceptions to title if Seller shall comply with the foregoing requirements.

(d) If a search of title discloses judgments, bankruptcies or other returns against other persons or entities having names the same as or similar to that of Seller or any predecessor in title, Seller, on request, shall deliver to Title Company, an affidavit showing that such judgments, bankruptcies or other returns are not against Seller or such predecessors in interest of Seller.

36. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Seller acknowledges that all representations and warranties set forth in this Agreement presently are true and accurate and shall remain true and accurate as of each Closing Date, it being acknowledged that Purchaser is relying on all of said representations and warranties, and that each of the representations and warranties set forth in this Agreement is of the essence hereof, notwithstanding any investigation, review, examination or other acts or conduct of Purchaser, its agents or representatives relating to or in connection with, any representation or warranty contained in this Agreement. In addition to any other representations, warranties and/or covenants contained in this Agreement, Seller makes the following additional representations, warranties and/or covenants:

(A) Schedule "A" sets forth the correct and full name, form of entity and state of formation (if applicable) of Seller and Seller is fee owner of the Properties, subject only to the Permitted Encumbrances;

(B) Seller has delivered to Purchaser true, correct and complete copies of any applicable certificate of incorporation, certificate of formation, certificate of limited partnership, trade name certificate, Shareholders' Agreement, Operating Agreement, Limited Partnership Agreement, Partnership Agreement, Trust Agreement, By-Laws and all other governing documents of Seller and each participant of Seller entity or participant (as applicable) (referred to herein singularly and collectively as "Organizational Document(s)");

(C) Seller is duly organized, validly existing and in good standing in its state of formation and is in good standing in New Jersey, has the right and authority to execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing this Agreement and all other applicable documents on behalf of Seller have the right, power and authority to do so. Seller shall provide Purchaser true copies of its authority and appropriate resolutions ("Seller's Resolutions") ratifying Seller's entering into this Agreement, and authorizing Seller's sale of the Properties to Purchaser in accordance with the terms of this Agreement;

(D) Seller owns and shall convey to Purchaser its fixtures, Personal Property, Names and Records, free and clear of all liens and encumbrances, except for the Permitted Encumbrances;

(E) Seller has no knowledge of and has not received any notice(s) of, any violations of law, code, ordinances, rule, regulation or requirements noted in or issued by any governmental department having authority with respect to any of the Properties, except as otherwise provided herein. Seller shall deliver to Purchaser true copies of any such notice(s) received after the date hereof, forthwith on receipt thereof, and each such notice shall be complied with by Seller, at its sole cost and expense, prior to Closing, or as otherwise agreed upon between the parties;

(F) Schedule "J" annexed hereto and made a part hereof contains a complete and accurate statement of all tenants who have entered into Leases, whether or not they are occupying space at each Property as of the date of this Agreement ("Tenant(s)"), each of whom has entered into and/or will be in occupancy pursuant to a written lease agreement (referred to herein collectively as "Leases" and individually as a "Lease"). As to each Property, Schedule "J" contains: (i) the complete and accurate name of each Tenant; (ii) the commencement date of each Lease or the basis for determining same; (iii) the termination date of each Lease or the basis for determining same; (iv) the renewal, extension or other rights or options, if any, for existing, additional and/or other space granted by each Lease, and whether said rights or options have been exercised; (v) the initial base rent being paid or to be paid by each Tenant; (vi) the initial additional rent being paid or to be paid by each Tenant (itemized); (vii) the date the last base and additional rent were paid by each Tenant, if any, and the period covered by said payment; (viii) the amount of the security deposit being held or to be held by Seller, if any, for each Tenant and the amount of interest accrued thereon, if interest is required to be paid to any Tenant; (ix) any future concession, rebate, allowance, free rent period or other considerations; (x) any right of each Tenant to purchase or acquire an ownership interest in all or any portion of the Property; and (xi) any breach or default by landlord or Tenant in accordance with the provisions of subparagraph (I) below. There are no tenants, licensees, concessionaires or other occupants or persons with the right of occupancy of any of the Properties except for Tenants set forth on Schedule "J". At the Closing, Seller will provide Purchaser with an updated Schedule "J" and the terms "Tenant(s)" and "Lease(s)" shall include those created after the

date hereof, as applicable. At the Closing, Seller will assign to Purchaser, and Purchaser will assume from Seller, all of Seller's interest in the Leases and the security deposits, by execution and delivery of the assignment and assumption of leases ("Assignment and Assumption of Leases") in the form annexed hereto and made a part hereof as Schedule "K". At the Closing of a Property, the parties agree to execute letters notifying all Tenants of the sale of such Property to Purchaser ("Tenant Notice") in the form

annexed hereto and made a part hereof as Schedule "L";

(G) True and complete copies of the Leases and all amendments or modifications thereto have been given to Purchaser for each Tenant listed on Schedule "J". There are no amendments or modifications to the Leases which have not been provided to Purchaser;

(H) The Leases are in full force and effect. Neither Seller nor, except as set forth on Schedule "J", any Tenant is in breach or default of its Lease obligations, and to the best of Seller's knowledge, nothing has occurred which, with the passage of time and/or with the giving of notice, might result in Seller or any Tenant being in breach or default of its Lease obligations;

(I) At Closing, all obligations of Seller pursuant to the Leases with respect to performance of work or installation of equipment in all respects have been completed, subject to the terms of this Agreement;

(J) No Tenant is entitled to receive or has been offered or given any free rent, rent concessions, rebates, allowances or other considerations which would be effective for any period after the date of this Agreement, except as set forth in the Leases listed on Schedule "J", and no Tenant has made a claim for any of the foregoing, except as otherwise herein provided;

(K) To the best of Seller's knowledge, there are no claims, offsets or charges asserted by any Tenant against

rent, security deposit or any other payment to be made by such Tenant;

(L) No person or entity, other than the aforesaid Tenants or any future tenant pursuant to a lease entered into in the ordinary course of business in accordance herewith, has or shall have any right to use, utilize or occupy any Property or any part thereof, either as a tenant or otherwise;

(M) Seller shall obtain and deliver to Purchaser, on or before the Closing, a duly executed estoppel certificate ("Estoppel Certificate") in the form annexed hereto as Schedule "M" dated not more than fifteen (15) days prior to Closing, from Tenants of each Property;

(N) Except as otherwise provided herein in Schedule "N" annexed hereto, there are no brokerage commissions or other fees due in connection with the rental of any space at any of the Properties. All brokerage commissions in connection with the leasing of any space in any of the Properties, whether due prior to Closing or thereafter, on account of the continued occupancy by any Tenant for the lease term in effect at Closing, shall be paid by Seller at Closing or allowed as a credit against the Purchase Price by Seller at Closing (in which event Purchaser shall pay such commissions in accordance with the provisions of the applicable brokerage agreements). All brokerage commissions in connection with the leasing of any space in any of the Properties on account of any unexercised renewal, extension or taking of other space at the time of Closing shall be paid by

Purchaser. Each party shall indemnify, defend and hold the other harmless from and against any and all costs and liabilities incurred by such party as a result of the falsity of the aforesaid representation or the breach of the aforesaid obligation;

(O) At Closing, Seller shall deliver to Purchaser an assignment (to the extent lawfully assignable) of all of its right, title and interest in: (i) any existing Certificate of the Board of Fire Underwriters covering each Property; (ii) any permits or licenses it may have pertaining to each Property; (iii) all site and building plans and specifications relating to each Property; and (iv) all Certificates of Occupancy;

(P) All existing guarantees and warranties which Seller has received from contractors, subcontractors, manufacturers, materialmen, distributors, seller or others, regarding all or any portion of the Property are set forth on Schedule "O" attached hereto and made a part hereof (together with any additional guarantees and warranties relating to the Property received after the date hereof, being collectively referred to herein as "Guarantees"). At Closing, each Seller shall assign to Purchaser (to the extent the Guarantees are assignable) all of its right, title and interest in and to all Guarantees;

(Q) All service, maintenance, vending, concession, license, agency or other agreements affecting the Property or the operation thereof ("Contract(s)") will be in

force at the Closing and a true and complete list of all Contracts are set forth on Schedule "P" annexed hereto and made a part hereof. True copies of all Contracts have been delivered to Purchaser or shall be delivered to Purchaser within ten (10) days of the date hereof. Any or all such Contracts, upon

Purchaser's request, shall be assigned by Seller to Purchaser at Closing and all Contracts are cancelable on not more than thirty (30) days' notice. On request of Purchaser, Seller shall cancel any or all of such Contracts as of the Closing Date. Between the date hereof and the Closing, Seller shall not renew, extend, modify or terminate any of said Contracts or enter into any other contract and/or agreement affecting the Property or the operation thereof without the consent of Purchaser in each instance first being obtained. No party to any Contract is in breach or default thereunder, and to Seller's knowledge, nothing has occurred which with the passage of time and/or with the giving of notice could constitute a breach or default thereunder;

(R) At the time of Closing there shall not be any, employment, collective bargaining or union agreements affecting the Properties or the operation thereof or any deferred income or retirement plans in effect;

(S) There are no actions, suits, labor disputes, litigation or proceedings ("Action(s)") pending or, to the knowledge of Seller, threatened against or affecting Seller or any of the Properties, the environmental condition thereof or the operation thereof at law or in equity or before any federal,

state, municipal or governmental department, commission, board, bureau, agency or instrumentality, nor does Seller have knowledge of any basis for any such Action, which, if determined adversely to Seller, in any way would affect the Property or the operation thereof other than as set forth on Schedule "Q" annexed hereto and made a part hereof. None of the Actions listed on Schedule "Q" nor any subsequent Actions will be settled, either prior to or after Closing, without Purchaser's consent, nor will Seller take any material actions in connection therewith without first notifying Purchaser;

(T) Seller has not nor prior to Closing shall: make a general assignment for the benefit of creditors; file a voluntary petition in bankruptcy; be by any court adjudicated a bankrupt; take the benefit of any insolvency act; be dissolved or liquidated, voluntarily or involuntarily; or have a receiver or trustee appointed in any proceedings;

(U) Seller has no knowledge and has received no notice of any application for any zoning change or pending zoning ordinance or amendment, which would affect any of the Properties;

(V) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Seller is a party or by which Seller is bound or as to which any of its assets is subject;

(W) Seller has not entered into any commitment or any agreement or understanding with any municipality, county,

state or federal government agency or authority which would require the installation of any improvements or the incurring of any cost or expense affecting any of the Properties or otherwise;

(X) Seller has no knowledge of any Federal, State or local plans to change the highway or road system in the vicinity of any of the Properties or to restrict or change access from any such highway or road to any of the Properties or of any pending or threatened condemnation of any of the Properties or any part thereof or of any plans for improvements which might result in a special assessment against any of the Properties;

(Y) At Closing, no services, material or work have been supplied by Seller's contractors, subcontractors or materialmen with respect to any of the Properties for which payment has not been made in full. If, subsequent to the Closing Date, any mechanic's or other lien, charge or order for the payment of money shall be filed against any of the Properties or against Purchaser or Purchaser's assigns, based upon any act or omission, or alleged act or omission before or after the Closing Date, of Seller, its agents, servants or employees, or any contractor, subcontractor or materialmen connected with the construction and completion by Seller of improvements at any of the Properties, or repairs made to any of the Properties by or on behalf of Seller (whether or not such lien, charge or order shall be valid or enforceable as such), within ten (10) days after notice to Seller of the filing thereof, Seller shall take such action, by bonding, deposit, payment or otherwise, as will remove

or satisfy such lien of record against such Property;

(Z) Seller has provided Purchaser with all reports and documents set forth on Schedule "R", which are all of the Environmental Documents (as defined in Paragraph 14.(e)(iv) hereof) in its possession or under its control related to the physical condition of its respective Properties. In addition, Seller has provided Purchaser with all books and records necessary for Purchaser to conduct its due diligence of such Property;

(AA) Seller has no knowledge of any notices, suits, investigations or judgments relating to any violations of any laws, ordinances or regulations affecting any of the Properties, (including, without limitation, Environmental Laws [as defined in Paragraph 14.(e)(v) hereof]), or any violations or conditions that may give rise thereto, and has no reason to believe that any "Governmental Authority" (as defined in Paragraph 14.(e)(vi) hereof) contemplates the issuance thereof, and there are no outstanding orders, judgments, injunctions, decrees, directives or writ of any Governmental Authority against or involving Seller or any of the Properties;

(BB) Except as disclosed on Schedule "S" attached hereto and made a part hereof:

(1) to the best of Seller's knowledge, there are no Contaminants (as defined in Paragraph 14.(e)(i) hereof) on, under, at, emanating from or affecting any of the Properties, except those in compliance with all applicable Environmental

Laws;

(2) Seller has not nor to Seller's knowledge, has any current occupant or any prior owner or occupant, of any Property received any Notice (as defined in Paragraph 14.(e)(ix) hereof) or advice from any Governmental Authority or any other third party with respect to Contaminants on, under, at, emanating from or affecting any of the Properties and, to Seller's knowledge, no Contaminants have been Discharged (as defined in Paragraph 14.(e)(ii) hereof) which would allow a Governmental Authority to demand that a cleanup be undertaken;

(3) no portion of any Property has ever been used by Seller or, to Seller's knowledge, any former owner or current or former occupant to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other third party with respect thereto in violation of Environmental Laws;

(4) no portion of any Property now is or, to Seller's knowledge, ever has been used as a Major Facility (as defined in Paragraph 14.(e)(vii) hereof) and Seller shall not use, nor permit use of any portion of the Property for that purpose;

(5) Seller has not transported any Contaminants, nor to Seller's knowledge has any current or former occupant or former owner transported Contaminants from any

Property to another location which was not done in compliance with all applicable Environmental Laws;

(6) no ss. 104(e) informational request has been received by Seller issued pursuant to CERCLA (as defined in Paragraph 14.(e)(i) hereof);

(7) to the best of Seller's knowledge, there is no asbestos or asbestos containing material in any friable state or otherwise in violation of Environmental Laws on any of the Properties;

(8) to the best of Seller's knowledge, all transformers and capacitators containing polychlorinated biphenyls ("PCBs"), and all "PCB Items", as defined in 40 C.F.R. ss. 761.3, located on or affecting any Property are identified in Schedule "T" and are in compliance with all Environmental Laws;

(9) to the best of Seller's knowledge, there are no above ground storage tanks or Underground Storage Tanks (as defined in Paragraph 14.(e)(xi) hereof) at any of the Properties, regardless of whether such tanks are regulated tanks or not;

(10) to the best of Seller's knowledge, all pre-existing above ground storage tanks and Underground Storage Tanks at all of the Properties have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(11) to the best of Seller's knowledge, none of the Properties has been used as a sanitary landfill facility

as defined in the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq.;

(12) Seller and, to the best of Seller's knowledge, each occupant of each Property have all environmental certificates, licenses and permits ("Permit") required to operate the Property and there is no violation of any statute, ordinance, rule, regulation, order, code, directive, or requirement, including, without limitation, Environmental Laws, with respect to any Permit, nor any pending application for any Permit;

(13) to the best of Seller's knowledge, none of the Properties are subject to any wetlands regulations, administered by the United States of America, Army Corps of Engineers, the Environmental Protection Agency or NJDEP (as defined in Paragraph 14.(e)(viii) hereof);

(14) there are no federal or state liens as referred to under CERCLA or the Spill Act (as defined in Paragraph 14.(e)(i) hereof) that have attached to any of the Properties;

(15) Seller in the past has and does not now own, operate or control any Major Facility;

(16) Seller has not, nor to the best of Seller's knowledge has Seller permitted any occupant to engage in any activity on the Property in violation of Environmental Laws;

(17) all of the Properties are in material compliance with Environmental Laws; and

(18) to the best of Seller's knowledge,

thereare no engineering or institutional controls at any of the Properties, including without limitation, any deed notice, declaration of environmental restriction, groundwater classification exception area or well restriction area pursuant to N.J.S.A. ss. 13:1E-56 or N.J.S.A. 58:10B-13.

(b) Purchaser hereby represents, warrants and covenants the following:

(A) Purchaser is a limited partnership of the State of Delaware, in good standing, has the right and authority to execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing this Agreement and all other applicable documents on behalf of Purchaser, has the right, power and authority to do so;

(B) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Purchaser is a party or by which it is bound or as to which any of its assets is subject; and

(C) Purchaser shall provide Seller true copies of authorization ("Purchaser's Authorization") authorizing or ratifying Purchaser's entering into this Agreement and authorizing Purchaser's purchase of all of the Properties from Seller in accordance with the terms of this Agreement.

(c) In the event that either party knows or learns that any of the representations contained in this Agreement are false or no longer are true and accurate, such party forthwith

shall deliver notice of such fact to the other party, and the other party shall proceed diligently to cure or remedy such misrepresentations. In the event that such misrepresentations cannot or shall not be cured within thirty (30) days following delivery of notice thereof, then the notifying party shall have the right either (i) to elect, nevertheless, to close title to the Properties in accordance with the provisions of this Agreement, or (ii) to declare this Agreement null and void, by notice delivered to the non-curing party, or (iii) to elect not to purchase the Property affected by such misrepresentation and proceed with the purchase of the remaining Properties in accordance with the terms of this Agreement. The termination of this Agreement pursuant to this Paragraph 6 shall not release the misrepresenting party from any liability it may otherwise have to the other party by reason thereof.

(d) Whenever in this Paragraph 6, a representation and/or warranty is made to the knowledge of Seller, knowledge of Seller shall mean the actual knowledge of William G. Price, Jr. and/or John S. McGarvey, without any independent investigation other than reviewing the applicable representation and/or warranty.

(e) The representations and warranties made by Seller in Paragraphs 6(C), (E), (F), (H), (K), (N), (V), (W), (AA), (AB) and (AC) shall survive the applicable Closing for the applicable statute of limitations. The representations and warranties made by Seller in Paragraphs 6(A), (B), (D), (G), (I), (J), (L), (M),

(O), (P), (Q), (R), (S), (T), (U), (X), (Y) and (Z) shall survive the applicable Closing for a period of one (1) year; provided, however, that no claims for indemnification under Paragraphs 6(A), (B), (D), (G), (I), (J), (L), (M), (O), (P), (Q), (R), (S), (T), (U), (X), (Y) and (Z) with respect to a breach of any representation or warranty referred to above in this sentence may be maintained by Purchaser unless Purchaser shall have delivered notice to Seller specifying the nature of such claim, which notice shall be delivered on or before the date which is one (1) year after the applicable Closing Date (the "Survival Date"). Upon the giving of such notice as aforesaid, Purchaser shall have the right to commence legal proceedings prior or subsequent to the Survival Date for the enforcement of its rights under this Agreement. The representations and warranties made by Purchaser in Paragraph 6 shall not survive the applicable Closing.

37. LEASES AND TENANCIES.

(a) Seller shall be permitted to lease the Properties subject to and in accordance with the following:

(i) Seller shall interview prospective tenants, make credit and reference checks of prospective tenants for proposed leases of five thousand (5,000) square feet or more (and upon request of Purchaser, for proposed leases of less than five thousand (5,000) square feet) and furnish such information to Purchaser;

(ii) the proposed tenant shall be a reputable entity with sufficient financial means in Seller's reasonable

judgment to perform all of its obligations under the proposed lease;

(iii) the proposed tenant shall not be a person or entity (or affiliate of a person or entity) which is a tenant in the Adjacent Properties, or with whom Purchaser gives notice to Seller that Purchaser or Purchaser's agent is then, or has been within the prior six (6) months, negotiating in connection with the rental of space in the Adjacent Properties, without Purchaser's prior consent, which consent shall not be unreasonably withheld or delayed;

(iv) all leases shall be written and be in substantially the form of lease approved by Purchaser;

(v) all leases shall be the result of arms'-length negotiations, shall provide for "market" rental rates and other market terms (and shall not contain any terms which would adversely affect Purchaser's REIT qualification); and

(vi) Seller shall obtain Purchaser's prior written consent to each lease before executing same.

(b) At Seller's discretion, it may from time to time propose

for Purchaser's approval (which shall not be unreasonably withheld or delayed) leasing guidelines, which shall state a proposed effective period (not in excess of one (1) year) for such guidelines (the "Leasing Guidelines") relating to the leasing of five thousand (5,000) square feet or less of Floor Area in the Property. Any lease affecting five thousand (5,000) square feet or less of Floor Area that conforms in all material

respects with the approved Leasing Guidelines and with the provisions of Paragraphs 7(a), (i), (ii), (iii), (iv) and (v) will not be subject to Purchaser's prior written consent. Any Lease submitted to Purchaser for Purchaser's approval, which shall be accompanied by (x) an officer's certificate on behalf of Seller stating that said Lease (and proposed Tenant) complies in all respects with the requirements of Paragraph 7(a) of this Agreement and (y) a summary of the material terms of such Lease (including the economic terms and any options) shall be deemed approved if Purchaser shall have not notified Seller in writing of its disapproval within three (3) business days after Seller has given Purchaser written notice and complied with the provisions of this Paragraph 7.

(c) If any claim is made against Purchaser by any Tenant asserting an offset against rent or otherwise, including any rent over-charges or failure in construction or to provide services, with respect to any matter which arose prior to Closing, Seller shall indemnify and hold Purchaser harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Purchaser in connection thereof. After Purchaser shall receive notice of a claim that may give rise to an indemnity hereunder, Purchaser shall notify Seller; provided, however, the failure to give any notice shall not relieve Seller from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Purchaser with respect to

which Seller may have liability under the indemnity agreement contained in this Paragraph 7.(c) the claim may, upon written agreement of Seller that they are obligated to indemnify against the particular claim under the indemnity agreement contained herein, be settled by Seller with the prior written consent of Purchaser, which shall not be unreasonably withheld.

(d) Purchaser shall assume the Leases following the applicable Closing and shall indemnify and hold Seller harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Seller arising from any claim by a Tenant in respect to any obligation to Tenant assumed by Purchaser or any advance rental credited to Purchaser. After Seller shall receive notice of a claim that may give rise to an indemnity hereunder, Seller shall notify Purchaser; provided, however, the failure to give any notice shall not relieve Purchaser from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Seller with respect to which Purchaser may have liability under the indemnity agreement contained in this Paragraph 7.(d), the claim may, upon written agreement of Purchaser that it is obligated to indemnify against the particular claim under the indemnity contained herein, be settled by Purchaser with the prior written consent of Seller, which shall not be unreasonably withheld.

(e) Seller agrees not to apply or return any security deposit in whole or in part. At the Closing, Seller shall turn

over to Purchaser all Tenant security deposits plus any interest earned thereon for the benefit of Tenant together with an updated Schedule "J". Seller shall indemnify Purchaser for any claims made, suits commenced or judgments entered in connection with the security deposits for the period through the Closing Date and Purchaser shall indemnify Seller for any claims made, suits commenced or judgments entered into in connection with all security deposits for the period subsequent to the Closing Date.

38. CLOSING.

(a) Each Closing shall occur at 10:00 a.m. at the offices of Cole, Schotz, Meisel, Forman & Leonard, P.A., Court Plaza North, 25 Main Street, Hackensack, New Jersey, on the date which is fifteen (15) days after satisfaction or waiver of all conditions and contingencies set forth herein with regard to such Property, or at such other date, time and/or place as the parties may agree upon; provided, however, that if such date shall be a Saturday, Sunday or legal holiday, then Closing shall take place on the first business date thereafter (herein referred to as the "Closing" and the "Closing Date" respectively). Notwithstanding the foregoing, if despite achieving Leasing Stabilization with respect to a particular Property, such Property is not Substantially Leased (as hereinafter defined) on or before the date Seller shall give Purchaser the Substantial Completion Notice, then Seller may, at its option, by notice to Purchaser given with the Substantial Completion Notice, elect to extend the date for Closing to a date on or before the date which is one (1)

year from the date of achieving Leasing Stabilization (the "Extended Closing Date"). If Seller provides notice of the Extended Closing Date, then provided all of the conditions precedent are satisfied, Closing for the particular Property shall occur on the date which is thirty (30) days after Seller notifies Purchaser of the proposed Closing Date, but in no event later than one (1) year from the date of achieving Leasing Stabilization. If Seller fails to give such notice of the proposed Closing Date, the Closing Date shall be the date which is one (1) year from the date of achieving Leasing Stabilization. If Seller fails

to give Purchaser notice of the Extended Closing Date in accordance with the terms of this Paragraph 8(a), then Seller shall be deemed to have waived the right to extend the Closing. The term "Substantially Leased" shall mean, with respect to each Property which has been developed with Improvements, (a) leases complying with the terms and conditions set forth in Paragraph 7 for substantially all of the Floor Area therein have been executed and are in full force in effect, and (b) no default by either party to such leases has occurred and is continuing, or no event has occurred and is continuing which, with the giving of notice or the passage of time or both, would constitute a default under such leases.

(b) At Closing, the following shall be executed and/or delivered:

(i) By Seller:

(A) The Deed [as hereinafter described in subparagraph (c)];

(B) Seller's certification that the representations and warranties set forth in this Agreement are true and accurate as of the Closing;

(C) Seller's affidavit of title, the form and substance of which shall be subject to the reasonable approval of Title Company and Purchaser's attorneys;

(D) Seller's Resolutions;

(E) Bill(s) of Sale and/or assignments if so requested by Purchaser;

(F) The Assignment and Assumption of Leases together with schedules of security deposits paid by Tenants and any applications thereof made by Seller. At Closing, Seller shall pay to Purchaser by separate certified check or allow as a credit against the Purchase Price, the aggregate amount of all security deposits held under Leases;

(G) The original Leases and all amendments, modifications and guarantees thereto, and all brokerage commission agreements;

(H) The Tenant Notice to Tenants;

(I) The Estoppel Certificates;

(J) Certifications of non-foreign status in accordance with Internal Revenue Code Section 1445, as amended;

(K) Keys to all doors to, and equipment and utility rooms located in all of the Properties, which keys shall be properly tagged for identification;

(L) An endorsement to all transferable insurance policies,if any, approved by Purchaser, naming Purchaser as the party insured, together with the original of each such policy;

(M) As-built plans and specifications in accordance with the provisions of Paragraph 4 and permanent certificates of occupancy for each building and improvement comprising a part of the Property;

(N) All original licenses and permits pertaining to such Property and required for the use or occupancy thereof together with a duly executed assignment thereof to Purchaser;

(O) True and complete Records;

(P) All Guarantees and Contracts, together with a duly executed assignment thereof to Purchaser;

(Q) The Guaranty annexed hereto as Schedule "U" and made a part hereof;

(R) ISRA Approval (as hereinafter defined in Paragraph 14.(a) hereof);

(S) Mutually satisfactory closing statement;

(T) Such other items to be provided to Purchaser pursuant to this Agreement; and

(U) Such other instruments as reasonably may be required by Purchaser's counsel or the Title Company to effectuate this transaction.

(ii) By Purchaser:

(A) The Purchase Price;

(B) The Assignment and Assumption of Leases;

(C) Tenant Notices to Tenants;

(D) Mutually satisfactory closing statement;

(E) Such other items to be provided to Seller pursuant to this Agreement; and

(F) Such other instruments as reasonably may be required by Seller's counsel to effectuate this transaction.

(c) Each deed ("Deed") to be delivered at a Closing shall be a Bargain and Sale Deed with covenants against grantors' acts, in proper form for recording so as to convey to Purchaser good, marketable and insurable fee simple title to a particular Property in accordance herewith.

(d) The words "Closing", "title closing", "Closing of title", "delivery of deed" and words of similar import are used interchangeably in this Agreement, as the sense of text indicates, to mean the Closing of title for each Property, whether singly or concurrently with the closing of title of any other Properties hereunder.

39. CLOSING ADJUSTMENTS.

(a) The following are to be apportioned as of the

Closing Date of each Property:

(i) real property taxes;

(ii) water rates and charges;

(iii) sewer taxes and rents;

(iv) all base rent payments;

(v) common area and other additional rent charges, if any;

(vi) fuel oil on hand, determined at Seller's cost;

(vii) insurance premiums on transferable policies, if any, approved by Purchaser; and

(viii) annual license, permit and inspection fees, if any, provided that Seller's rights thereunder (or with respect thereto) are transferable to Purchaser.

(b) (i) Apportionment of real property taxes, water rates and charges and sewer taxes and rents shall be made on the basis of the fiscal year for which assessed solely to the extent actually received by Seller from Tenants or actually paid or payable by Seller. If the Closing Date shall occur before any or all of the foregoing are fixed, the apportionment of real property taxes shall be made on the basis of the tax rate for the preceding year applied to the latest assessed valuation. After the final real property taxes, water rates and charges and sewer taxes and rents are fixed, Seller and Purchaser shall make a recalculation of the apportionment of same, and Seller or Purchaser, as the case may be, shall make an appropriate payment to the other based on such recalculation.

(ii) If at the time for the delivery of the Deeds, any of the Premises or any part of any of them shall be or shall have been affected by an assessment or assessments (including special and/or added) which are or may become payable in annual

installments of which the first installment is then due or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the applicable Deed for the affected Premises, shall be deemed to be due and payable and to be liens upon such Premises affected thereby and shall be paid and discharged by Seller upon the delivery of the Deed for the Premises. If any assessment with respect to any Premises is unconfirmed at the time of Closing, or if subsequent to Closing any assessment, including special or added, is determined to be incorrect, then, immediately after the amount of the assessment has been established, or the confirmed assessment corrected as a result of a prior error, Seller shall make an appropriate payment to Purchaser within ten (10) days of the tax assessor's calculation of the assessment. Notwithstanding the foregoing, if Tenants of any Premises are obligated under a written lease for the payment of the entire assessment (confirmed and/or unconfirmed), then with respect to such assessment, Purchaser shall seek payment from the Tenants, and any assessment not otherwise the obligation of the Tenants shall be the obligation of Seller. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligation under this Paragraph 9(b)(ii).

(c) If there shall be any water meters on any of the

Properties (other than meters measuring water consumption costs which are the obligation of Tenants to pay), Seller shall furnish readings to a date not more than ten (10) days prior to the Closing Date, and the unfixed water rates and charges and sewer taxes and rents, if any, based thereon for the intervening time, shall be apportioned on the basis of such last readings.

(d) The amount of unpaid taxes, assessments, water charges and sewer rents which Seller is obligated to pay and discharge, with interest and penalties thereon to the fifth (5th) day after the Closing Date, at the option of Seller, may be allowed to Purchaser out of the Purchase Price, provided that official bills therefor with interest and penalties thereon are furnished by Seller at the Closing.

(e) If any refund of real property taxes, water rates and charges or sewer taxes and rents is made after the Closing Date for a period prior to the Closing Date, the same shall be applied first to the costs incurred in obtaining same and second to the refunds due to Tenants by reason of the provisions of their respective Leases. The balance, if any, of such refund shall be paid to Seller (for the period prior to the Closing Date) and Purchaser (for the period commencing with the Closing Date).

(f) To the extent that Seller receives rent payments after the Closing Date for any period from and after the Closing Date, the same shall be held in trust and immediately paid to Purchaser.

(g) All rent payments received by Seller or Purchaser after Closing shall be applied firstly against out-of-pocket costs of collection, then to rents due and owing by such Tenant for the periods from and after Closing and thereafter against rents due and owing prior to Closing in inverse order of due date.

(h) To the extent that rent payments are received by Purchaser after the Closing Date with respect to a period prior to the Closing Date, the amount of such rents for the period ending on the date preceding the Closing Date, shall be paid to Seller by Purchaser as and if received after the Closing Date, but not more often than once a month.

(i) All realty transfer fees and charges (other than recording fees for the Deeds) shall be paid by Seller at Closing.

40. RISK OF LOSS.

(a) Seller assumes the risk of loss or damage to all of the Properties beyond ordinary wear and tear until delivery of a Deed for the applicable Property to Purchaser and shall notify Purchaser forthwith upon the occurrence of any such casualty ("Casualty Notice"). In the event of any casualty in which the Casualty Threshold (as hereinafter defined) is not established, or in the event of a casualty in which the Casualty Threshold is established and if Purchaser elects to complete the purchase of the particular Property hereunder, Seller shall restore and repair the damaged Property to its condition immediately preceding such casualty and in accordance with its obligations

pursuant to Leases, and without a change in the Purchase Price for the particular Property.

(b) If, prior to the Closing Date, any Property or Properties shall be damaged by fire or other casualty and the estimated cost of repair and/or restoration shall exceed twenty-five (25%) percent of the Purchase Price of such damaged Property herein or reasonably shall be estimated to require more than one hundred eighty (180) days to repair or restore (collectively, "Casualty Threshold"), Purchaser may, by notice to Seller, elect either (i) not to purchase such Property, or (ii) to terminate this Agreement. If this Agreement is so terminated the Letter of Credit forthwith shall be returned to Purchaser. Purchaser shall notify Seller of its decision within forty-five (45) days of receipt of the Casualty Notice, which shall include the amount of insurance coverage, the amount of insurance received, if any, the reasonably estimated cost of repairs and the reasonably estimated time in which to complete said repairs, and the applicable Closing shall be postponed accordingly.

(c) Notwithstanding the foregoing, any proceeds of loss of rent insurance for a casualty occurring prior to the Closing Date, whether received prior to or following the Closing, shall be apportioned as of the Closing Date.

41. CONDEMNATION. In the event that, prior to Closing, all or any portion of any or all of the Properties shall be condemned or taken as the result of the exercise of the power of eminent domain, or by deed in lieu thereof (collectively, a "Taking"), or

if such proceedings shall have commenced or shall be threatened, Seller promptly shall notify Purchaser ("Taking Notice"). Purchaser, in its sole judgment, shall notify Seller within sixty (60) days following receipt of the Taking Notice, that: (1) the remaining portion of a specific Property is not suitable or economically viable for its intended use of the affected Property, in which event Purchaser may terminate this Agreement with respect to such Property; or (2) the remaining portion of the affected Property is suitable and economically viable for its intended use, in which event Closing shall proceed and Purchaser and Seller shall have the right to participate jointly in the condemnation proceedings and the proceeds thereof shall belong to Seller, subject to the rights of mortgage holders, but Purchaser shall be entitled to a credit against the Purchase Price in an amount equal to said proceeds, unless such condemnation proceedings shall be pending on the Closing Date, in which event there shall not be any credit and at Closing, Seller shall assign all its right, title and interest in and to said proceedings and award to Purchaser. Notwithstanding anything to the contrary contained herein, if there is a Taking of two (2) or more Properties, Purchaser may, upon notice to Seller, terminate this Agreement without further liability hereunder on the part of either party, except that the Letter of Credit forthwith shall be returned to Purchaser.

42. APPROVALS FOR TRANSFER. In the event that any Governmental Authority shall have an ordinance, law, rule,

regulation or other requirement requiring a new Certificate of Occupancy or other governmental authorization to be issued in connection with the transfer of title to any of the Properties, or in the event that on the Closing Date there is any such requirement, then and in any of such events, Seller shall use its best efforts, at its sole cost and expense, to obtain and deliver to Purchaser, the Certificate of Occupancy or other governmental authorization.

43. DUE DILIGENCE PERIOD.

(a) Commencing on the date of approval of the Approved Project Pro-Forma for a particular Property through the period ending forty-five (45) days thereafter (the "Due Diligence Period"), Purchaser may perform, or cause to be performed, tests, investigations and studies of or related to any or all of the Properties which are the subject of the Approved Project Pro-Forma, including, but not limited to, soil tests and borings, ground water tests and investigations, percolation tests, surveys, architectural, engineering, subdivision, environmental, access, development studies and such other tests, investigations or studies as Purchaser, in its sole discretion, determines is necessary or desirable in connection with such Properties and may inspect the physical (including environmental) and financial condition of any or all of the Properties which are the subject of the Approved Project Pro-Forma, including but not limited to the Leases, Contracts, engineering and environmental reports, development approval agreements, permits and approvals.

Purchaser shall repair and restore any portion of the surface of any of the Properties disturbed by Purchaser, its agents, representatives or contractors during the conduct of any tests and studies to substantially the same condition

as existed prior to such disturbance. Such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of the breach of any representation, warranty, covenant or agreement of Seller which might, or should, have been disclosed by such inspection.

(b) During the Due Diligence Period, Purchaser, its agents, representatives and contractors, shall have unlimited access to all of the Properties which are the subject of the Approved Project Pro-Forma and other information pertaining thereto in the possession or within the control of Seller for the purpose of performing such studies, tests, borings, investigations and inspections for the purposes described in this Paragraph. Seller shall cooperate with Purchaser in facilitating its due diligence inquiry and shall obtain, and use its best reasonable efforts to obtain, any consents that may be necessary in order for Purchaser to perform same. In addition, Seller will deliver to Purchaser promptly after request, true and complete copies of all test borings, Environmental Documents, surveys, title materials and engineering and architectural data and the like relating to any such Properties that are in Seller's possession or under its control. In the event any additional materials or information comes within Seller's possession or

control after the date of this Agreement, Seller promptly shall submit true and complete copies of the same to Purchaser. Seller shall notify Purchaser of any dangerous conditions on any of the Properties, including, without limitation, conditions which due to the nature of the borings, studies, investigations, inspections or testing to be performed by or on behalf of Purchaser may pose a dangerous condition to Purchaser or Purchaser's agents, representatives or contractors.

(c) Purchaser shall obtain, or cause its contractors, agents and representatives to obtain, liability insurance in an amount equal to One Million ($1,000,000.00) Dollars on a per occurrence and aggregate basis on account of personal injury to one or more persons and property damage with respect to Purchaser's activities and entry onto the Properties. The policy shall name Seller as additional insureds. In addition, Purchaser agrees to indemnify and hold Seller harmless from any damage or injury to persons or property arising out of or in connection with Purchaser or its contractors, agents or representatives entering upon the Properties.

(d) Purchaser may terminate this Agreement with respect to a Property set forth in the Approved Project Pro-Forma for any reason or for no reason by notice to Seller given within the Due Diligence Period. In the event Purchaser terminates this Agreement with respect to such Property during the Due Diligence Period, this Agreement shall be null and void with respect to such Property, copies of any reports or studies prepared by third

parties as part of Purchaser's investigations during the Due Diligence Period with respect to such Property (if expressly permitted by such third party), shall be delivered to Seller (except, if this Agreement is terminated as a result of Seller's breach hereof). In the event Purchaser does not terminate this Agreement by the end of the Due Diligence Period, Purchaser shall be deemed to have elected not to terminate this Agreement with respect to such Property.

44. ENVIRONMENTAL PROVISIONS.

(a) Notwithstanding anything to the contrary contained in this Agreement, the obligation of Purchaser to pay the Purchase Price and otherwise proceed to a particular Closing shall be subject to the condition as to each Property, that Seller obtain from the Element, (as hereinafter defined in Paragraph 14.(e)(iii) hereof) pursuant to ISRA (as hereinafter defined in Paragraph 14.(e)(i) hereof), and deliver to Purchaser, at least five (5) days prior to Closing (the "ISRA Compliance Date"), together with all submissions upon which any one or more of the following is based, either:

(i) a Letter of Non-Applicability;

(ii) a de minimis quantity exemption;

(iii) an unconditional approval of the applicable Seller's Negative Declaration; or

(iv) an unconditional No Further Action Letter;

(collectively the "ISRA Approval") for which the applicable Seller shall apply promptly. In no event shall an ISRA Approval

involve any engineering or institutional controls, including without limitation, capping, deed notice, declaration of environmental restriction or other institutional control notice pursuant to P.L. 1993 c. 139, a groundwater classification exception area or a well restriction area. If the requirements of this Paragraph 14.(a) are not satisfied on or before the ISRA Compliance Date, Purchaser thereafter shall have the right, by notice to Seller, to extend the ISRA Compliance Date, to elect not to purchase such Property or to terminate this Agreement, in which latter event this Agreement shall be rendered null and void and of no further force or effect, the Letter of Credit forthwith shall be returned to Purchaser and neither party shall have further liability or obligation to the other under or by virtue of this Agreement.

(b) Contemporaneously with the execution of this Agreement, and subsequently promptly upon receipt by Seller or its representatives, Seller shall deliver to Purchaser: (i) all Environmental Documents concerning the Property generated by or on behalf of predecessors in title or former occupants of such Property to the extent in Seller's possession or control; (ii) all Environmental Documents concerning such Property generated by or on behalf of Seller, whether currently or hereafter existing; (iii) all Environmental Documents concerning such Property generated by or on behalf of current or future occupants of such Property to the extent in Seller's possession or

control, whether currently or hereafter existing; and (iv) a description of all

known operations, past and present, undertaken at the Property and existing maps, diagrams and other documentation to the extent in Seller's possession or control designating the location of past and present operations at such Property and past and present storage of Contaminants above or below ground, on, under, at, emanating from or affecting any of the Property or its environs.

(c) Seller shall notify Purchaser in advance of all meetings scheduled between Seller or its representatives and NJDEP, and Purchaser and/or its representatives shall have the right, without obligation, to attend and participate in all such meetings.

(d) Seller shall indemnify, defend and hold harmless Purchaser from and against any and all claims, liabilities, losses, deficiencies, damages, interest, penalties and costs, foreseen or unforeseen including, without limitation, reasonable counsel, engineering and other professional or expert fees, which Purchaser may incur, by reason of or resulting directly or indirectly, wholly or partly, from any breach, inaccuracy, incompleteness or nonfulfillment of any representation, warranty, covenant or agreement herein by Seller, or by reason of Seller's actions or non-action with regard to Seller's obligations pursuant to this Paragraph 14.

(e) The following terms shall have the following meanings when used in this Agreement:

(i) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous

substance, hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the New Jersey Environmental Rights Act, N.J.S.A. 2A:35A-1 et seq.; the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq. (the "Spill Act"); the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 et seq.; the Hazardous Substances Discharge: Reports and Notices Act, N.J.S.A. 13:1K-15 et seq.; the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. ("ISRA"); the "Tanks Laws" as hereinafter defined in Paragraph 14.(e)(x) hereof; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq. ("RCRA"); the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. ss.1251 et seq.; together with any amendments thereto, regulations promulgated thereunder and all substitutions thereof, as well as words of similar purport or meaning referred to in any other applicable federal, state, county or municipal environmental statute, ordinance, code, rule or regulation, including, without limitation, radon, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives. Where a statute, ordinance, code, rule or regulation defines any of these terms more broadly than another, the broader definition shall apply.

(ii) "Discharge" shall mean the releasing, spilling, leaking, leaching, disposing, pumping, pouring, emitting, emptying, treating or dumping of Contaminants at, into,

onto or migrating from or onto any of the Properties, regardless of whether the result of an intentional or unintentional action or omission.

(iii) "Element" shall mean the Industrial Site Evaluation Element or its successor of the NJDEP.

(iv) "Environmental Documents" shall mean all environmental documentation in the possession or under the control of any Seller(s) concerning any of the Properties, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

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

(vi) "Governmental Authority" shall mean the federal, state, county or municipal government, or any

department, agency, bureau, board, commission, office or other body obtaining authority therefrom, or created pursuant to any law.

(vii) "Major Facility" is as defined in the Spill Act.

(viii) "NJDEP" shall mean the New Jersey Department of Environmental Protection or its successor.

(ix) "Notice" shall mean, in addition to its ordinary meaning, any written communication of any nature, whether in the form of correspondence, memoranda, order, directive or otherwise.

(x) "Tank Laws" shall mean the New Jersey

Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq., and the federal underground storage tank law (Subtitle I) of RCRA, together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

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

(f) Seller covenants and agrees that between the date hereof and the Closing Date it shall perform or observe the following:

(i) Promptly notify Purchaser of, and promptly deliver to Purchaser, a certified true and complete copy of any Notice Seller may receive, on or before the Closing Date, from any Governmental Authority, concerning a violation of Environmental Laws or Discharge of Contaminants;

(ii) At its own cost and expense, be responsible for the remediation of all Contaminants existing on, under, at emanating from or affecting any of the Properties as of the date of Closing, in violation of Environmental Laws, regardless of the date of discovery, notwithstanding anything to the contrary set forth herein. In no event shall Seller's remediation involve any engineering or institutional controls, including, without limitation, capping, a deed notice, a declaration of environmental restrictions or other institutional control notice pursuant to P.L. 1993, c. 139, or a groundwater classification exception area or well restriction area. Any such remediation and associated activities shall be undertaken pursuant to a right of access agreement reasonably acceptable to Purchaser;

(iii) Contemporaneously with the signing and delivery of this Agreement, and subsequently, promptly upon receipt by Seller or its representatives, deliver to Purchaser a certified true and complete copy of all Environmental Documents.

45. CONDITIONS TO CLOSING.

(a) In addition to other conditions set forth in this Agreement, Purchaser's obligation to close title to a particular Property is expressly conditioned upon and subject to the

occurrence of all of the following:

(i) Seller shall have completed subdivision of the Land in the configuration set forth in Schedule "A-1", all requisite governmental approvals shall have been obtained, and all conditions to subdivision shall have been satisfied including, without limitation, the filing in the public records of the subdivision plat;

(ii) Leasing Stabilization (as hereinafter defined) for such Property having been achieved and in effect;

(iii) Substantial Completion of all work set forth in the Approved Plans and Specifications (as the same may be modified, from time to time, to include additional tenant improvement work, with the consent of Purchaser), including, all tenant improvement work required under all Leases (including, change orders);

(iv) All Tenants have accepted delivery of possession of their premises pursuant to the terms and conditions of their Leases;

(v) A final, unconditional Certificate of Occupancy permitting occupancy of the Property and all premises for Tenant's use has been issued by all Governmental Authorities having jurisdiction;

(vi) All Tenants have delivered their security deposits and have commenced the payment of rent required to be paid pursuant to the terms and conditions of the Leases;

(vii) All Tenants have delivered the Estoppel

Certificates;

(viii) Written certification of McGarvey Construction Co., Inc. that the work has been fully completed in accordance with the Approved Plans and Specifications (or in accordance with the Approved Plans and Specifications as amended after the date hereof, provided any such amendments have been approved in writing by Purchaser), the provisions hereof and all legal requirements, and that all necessary certificates and approvals required to be obtained from any Governmental Authority having jurisdiction over the Property have been obtained;

(ix) Receipt of an absolute unconditional waiver of liens from all contractors and subcontractors for all work performed at the Property;

(x) All contractors and subcontractors have been paid in full for performance of work at the Property; and

(xi) All roads necessary for the full utilization of the Improvements for their intended purposes have been completed (other than completion of the top coat) and the necessary rights-of-way therefor have been acquired by the appropriate Governmental Authority or have been dedicated to public use by such Governmental Authority.

(b) The term "Leasing Stabilization" means, with respect to each Property which has been developed with Improvements, (a) leases complying with the terms and conditions set forth in Paragraph 7 for ninety (90%) percent of the Floor Area therein have been executed and are in full force and effect,

and (b) no default by either party to such leases has occurred and is continuing, or no event has occurred and is continuing which, with the giving of notice or the passage of time or both, would constitute a default under such leases. Seller shall, within ten (10) days after achieving Leasing Stabilization with respect to a particular Property, notify Purchaser of the date of achieving Leasing Stabilization.

(c) The term "Substantial Completion" as used herein shall mean that only so-called "punch list" items of work which shall be limited to such unfinished minor items which, when considered as a whole, do not materially adversely affect any Tenant's occupancy of its premises, and otherwise are permitted pursuant to the terms of the Leases. Seller covenants and agrees to fully complete any punch list items not later than the date which is twenty (20) days after Seller receive notification thereof or within the time period set forth in the applicable Lease.

46. NOTICES.

(a) Any notice, request, consent, approval or demand ("notice") which, pursuant to the provisions of this Agreement or otherwise, must or may be given or made by any party hereto to any other party, shall be in writing and shall be given by such party or its attorney and shall be delivered by personal delivery, by mailing same via certified mail, return receipt requested, postage prepaid, in a United States Post Office depository, by delivery to a postal or private expedited form of

delivery service, or telecopied to the intended recipient at the telecopy number set forth therefor below (with hard copy to follow), addressed to Purchaser at its address set forth in the heading to this Agreement, Attention: Roger Thomas, Esq., (fax 908-272-6755), with a copy given in the aforesaid manner to Cole, Schotz, Meisel, Forman & Leonard, P.A., Court Plaza North, 25 Main Street, P.O. Box 800, Hackensack, New Jersey 07602-0800, Attention: Richard W. Abramson, Esq., (fax 201-489-1536), and to Seller to William Price (fax 609-235-3043) at the address set forth in the heading to this Agreement with a copy given in the aforesaid manner to Archer & Greiner, One Centennial Square, Haddonfield, New Jersey 08033, Attention: Gary L. Green, Esq., (fax 609-795-0574) addressed to Guarantors at 840 North Lenola Road, Moorestown, New Jersey 08057.

(b) Notice shall be deemed delivered on the day of personal delivery, on the day telecopied, on the first business day following deposit with the overnight carrier or on the second business day following deposit in the Post Office depository, as the case may be.

(c) Either party may designate a different person or address by notice to the other party given in accordance herewith.

47. BROKER. Each party represents and warrants to the other party that it dealt with no broker or other person entitled to claim fees for such services in connection with the negotiation, execution and delivery of this Agreement. Based

upon the aforesaid representations, warranties and covenants each party agrees to defend, indemnify and hold the other party harmless from and against any and all claims for finders' fees or brokerage or other commission which at any time may be asserted against the indemnified party, including any claim by Broker against Purchaser, founded upon a claim that the substance of the aforesaid representations of the indemnifying party is untrue. Such indemnification shall include, but not be limited to, all commission claims, as well as all costs, expenditures, legal fees and expert fees reasonably incurred in defending any claim of any third party. In the event that by settlement or otherwise, any monies or other consideration is awarded to or turned over to any third party as a result of a commission claim, it is the intention of the parties hereto that the indemnifying party shall be solely responsible therefor.

48. DEFAULT.

(a) If Purchaser shall default in the payment of the Purchase Price or otherwise shall default in the performance of any of its other obligations pursuant to this Agreement, Seller, as their sole and exclusive remedy, shall be entitled to receive, as liquidated damages and not as a penalty, the Letter of Credit and the right to convert same to cash, it being acknowledged that the actual damages which may be suffered by Seller in the event of any default by Purchaser shall be difficult to ascertain, plus the costs and expenses set forth in subparagraph (c) below. If the Letter of Credit is converted to cash, Seller shall be

entitled to receive any interest earned on such cash.

(b) If Seller shall default in any of its obligations hereunder, Purchaser shall have the right to (i) terminate this Agreement by notice to Seller, in which event the Letter of Credit shall be returned to Purchaser and obtain from Seller damages suffered by Purchaser, plus the costs and expenses set forth in subparagraph (c) below, or (ii) seek specific performance by Seller of Seller's obligations hereunder, and if Purchaser is successful, in addition obtain from Seller the costs and expenses set forth in (c) below, together with damages suffered by Purchaser.

(c) In the event of litigation arising out of this Agreement, the prevailing party shall be entitled to recover from the losing party, costs and expenses incurred by the prevailing party, including reasonable legal fees and disbursements.

49. SURVIVAL. It is agreed that all of the terms, agreements, covenants, promises, provisions, indemnifications, representations and warranties set forth herein shall, except as otherwise specifically set forth in this Agreement, survive Closing and delivery of the Deed.

50. INDEMNITY.

(a) Seller agrees to indemnify, defend and save harmless Purchaser and its respective representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraph

6.(e), resulting from the breach or default of any covenant, provision, representation or warranty of Seller including all reasonable costs and expenses incurred by Purchaser in the enforcement of this Paragraph, or (ii) imposed upon or incurred by Purchaser, or allegedly due by Purchaser, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, any Property, or by reason of any event or occurrence on, or relating to, such Property which occurred, accrued or related to an event occurring at any time prior to the Closing Date.

(b) Purchaser agrees to indemnify, defend and save harmless Seller and its representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraphs 6.(e) and 18, resulting from the breach or default of any covenant, provision, representation or warranty of Purchaser or (ii) imposed upon or incurred by Seller, or allegedly due by Seller, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, any Property, or by reason of any event or occurrence on, or relating to, such Property which occurred, accrued or related to an event occurring at any time after the Closing Date.

51. ASSIGNMENT. This Agreement may not be assigned by Purchaser, without the consent of Seller (which consent shall not be unreasonably withheld, delayed or conditioned), except that no

such consent shall be required with respect to an assignment to any affiliate of Purchaser. Upon such assignment, Purchaser named herein shall be relieved of any further liability for any of the terms, promises and conditions of this Agreement on its part to be performed hereunder.

52. CROSS DEFAULT. Simultaneously with the execution and delivery of this Agreement, Purchaser has entered into (i) a certain Agreement of Sale with Seller and certain affiliates of Seller (the "Agreement of Sale") relating to certain property more particularly described on Schedule "F"; and (ii) a certain agreement with Seller (the "T&N Agreement") relating to certain property located in Moorestown, New Jersey and leased to T&N Van Service, Inc. as more particularly described in the T & N Agreement. This Agreement and the obligations of the parties hereunder are subject to performance by the respective parties to the T&N Agreement and/or the Agreement of Sale of their respective obligations which are required to be performed prior to the Closing Date in accordance with the terms thereof. If Seller or its related entities default in their obligations under the Agreement of Sale and/or the T&N Agreement, Purchaser shall have the right to proceed with the purchase of the Property, to declare a default hereunder, and/or to terminate this Agreement. If Purchaser shall default in its obligations under the Agreement of Sale and/or the T & N Agreement, Seller shall have the right to declare a default hereunder.

53. POST CLOSING RESTRICTIONS.

(a) Except as otherwise set forth herein, for a period of three (3) years commencing on the closing date under the Agreement of Sale, neither John S. McGarvey nor William G. Price, Jr. ("Principals" or, when used in Paragraph 26, "Guarantors"), each of whom is a shareholder, officer, director, partner, manager and/or employee of Seller, existing managing entities, or related entities, either directly or indirectly, to or for the benefit of any person, firm, partnership, corporation or other entity, shall: call upon, solicit, divert, accept any business or patronage from, or attempt to call upon, solicit or divert any of the tenants of the Adjacent Properties or any potential tenants of the Adjacent Properties of which either has knowledge, for the leasing and/or purchasing of industrial, warehouse and/or office real property, or engage or become interested, either as a principal, partner, agent, employee, shareholder or director of any corporation, association or other entity, or in any other manner or capacity whatsoever, in the business of developing, managing, leasing or selling industrial, warehouse and/or office real property at any location situated within the State of New Jersey and within fifteen (15) miles from any portion of the Property.

(b) It is acknowledged that each of the covenants, obligations and restrictions ("restrictions") set forth in this Paragraph 23 is separate and distinct from each and every other restriction, so that in the event all or any portion of any

restriction is deemed invalid or unreasonable, each of the remaining restrictions shall be deemed divisible and independent therefrom, shall remain in full force and effect and each Principal consents to such modifications of any such restrictions as a court may deem reasonable.

(c) It is acknowledged that each of the above restrictions is fair, reasonable and constitutes a material inducement to Purchaser to purchase the Property, shall be construed and enforced independently of any other agreement herein and the existence of any claim by Seller and/or Principals against Purchaser shall not constitute a defense to the enforcement by Purchaser of the restrictions set forth above.

(d) If this Agreement is terminated as a result of Purchaser's

default under this Agreement or the Agreement of Sale, the restrictions set forth in this Paragraph 23 shall be deemed terminated and of no further force and effect. If this Agreement is terminated by Purchaser with respect to a particularly Property (not as a result of Seller's default under this Agreement), then the restrictions set forth in this Paragraph 23 with respect to such Property only shall be terminated and of no further force and effect.

(e) In the event Principals shall, at any time during the term of the restrictions set forth in this Paragraph 23, receive a bona fide offer or solicitation (the "Solicitation"), to engage or to become interested, either as a principal, partner, agent, employee, shareholder or director of any

corporation, association or other entity, or in any other manner or capacity whatsoever, in a business which would be violative of the restrictions set forth in this Paragraph 23, which Solicitation Principals wish to accept, Principal shall deliver a notice (hereinafter referred to as the "Solicitation Notice") to Purchaser setting forth all of the terms of said Solicitation together with a true copy of the Solicitation (which must be in writing). Purchaser shall thereafter have the right, exercisable by notice to Principals, within thirty (30) days after the date of receipt of the Solicitation Notice, to elect to pursue such Solicitation either individually, or, at Purchaser's election, by joint venturing same with Principals. In the event Cali Realty shall elect to pursue such Solicitation individually, Principals shall assign to Purchaser all of their right, title and interest in and to such Solicitation and the right to negotiate the terms and conditions of the transactions contemplated in the Solicitation Notice in which event the restrictions set forth in this Paragraph 23 shall continue to be effective and shall remain in full force and effect. If Purchaser does not elect to pursue such Solicitation, then Principals may, with respect to the transactions set forth in the Solicitation Notice, pursue such transactions, notwithstanding the restrictions set forth in this Paragraph 23. Nothing contained herein shall be deemed a waiver or a release of Principals from the restrictions set forth in this Paragraph 23 with respect to any other activities not encompassed within the particular Solicitation Notice.

54. ESCROW AGENT.

(a) The Letter of Credit shall be held in escrow by Escrow Agent and released on the terms hereinafter set forth.

(b) At the Closing, Escrow Agent shall deliver the Letter of Credit to Purchaser.

(c) Any notice(s) to and from Escrow Agent shall be given in accordance with Paragraph 16 hereof.

(d) If Escrow Agent receives a notice signed by Seller stating that Purchaser has defaulted in the performance of its obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Purchaser. If Escrow Agent shall not have received notice of objection from Purchaser within ten (10) days after Escrow Agent has delivered such notice, Escrow Agent shall deliver the Letter of Credit to Seller. If Escrow Agent shall receive a timely notice of objection from Purchaser as aforesaid, Escrow Agent promptly shall forward a copy thereof to Seller.

(e) If Escrow Agent receives a notice signed by Purchaser stating that this Agreement has been canceled or terminated and that Purchaser is entitled to the Letter of Credit, or that Seller has defaulted in the performance of its obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Seller. If Escrow Agent shall not have received notice of objection from Seller within ten (10) days after Escrow Agent has delivered such notice, Escrow Agent shall deliver the Letter of Credit to Purchaser. If Escrow Agent

shall receive a timely notice of objection from Seller as aforesaid, Escrow Agent promptly shall forward a copy thereof to Purchaser.

(f) If Escrow Agent receives notice from either party authorizing delivery of the Letter of Credit to the other party, Escrow Agent shall deliver the Letter of Credit in accordance with such instructions.

(g) If Escrow Agent receives a notice of objection as aforesaid, Escrow Agent shall convert the Letter of Credit to cash and hold such proceeds in an interest bearing FDIC insured bank in New Jersey until Escrow Agent receives either: (i) a notice signed by both Seller and Purchaser stating who is entitled to the Letter of Credit; or (ii) a final order of a court of competent jurisdiction directing disbursement in a specific manner, in either of which events Escrow Agent shall deliver the Letter of Credit in accordance herewith or in accordance with such notice or order. Escrow Agent shall not be or become liable in any way or to any person for its refusal to comply with any requests or demands until and unless it has received a direction of the nature described in (i) or (ii) above.

(h) Notwithstanding the foregoing provisions of Subparagraph (g) above, if Escrow Agent shall have received a notice of objection as aforesaid, or shall have received at any time before actual delivery of the Letter of Credit, a notice signed by either Seller or Purchaser advising that litigation

between Seller and Purchaser over entitlement to the Letter of Credit has been commenced, Escrow Agent shall have the right, upon notice to both Seller and Purchaser to deposit the Letter of Credit with the Clerk of the Court in which any litigation is pending, whereupon Escrow Agent shall be released of and from all liability hereunder except for any previous gross negligence or willful default.

(i) Escrow Agent shall not be liable for any error or judgment or for any act done or omitted by it in good faith, or for any mistake of fact or law, and is released and exculpated from all liability hereunder except for willful misconduct or gross negligence.

(j) Escrow Agent's obligations hereunder shall be as a depositary only, and Escrow Agent shall not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any notice, instructions or other instrument furnished to it or deposited with it, or for the form of execution of any thereof, or for the identity or authority of any person depositing or furnishing same.

(k) Escrow Agent shall not have any duties or responsibilities except those set forth in this Agreement and shall not incur any liability in acting upon any signature, notice, request, waiver, consent, receipt or other paper or document believed by it to be genuine, and Escrow Agent may assume that any person purporting to give any notice or advice on behalf of any party in accordance with the provisions hereof has

been duly authorized to do so.

(l) Escrow Agent shall be entitled to consult with counsel in connection with its duties hereunder, including attorneys at its firm. The parties shall reimburse Escrow Agent, jointly and severally, for all costs and expenses incurred by Escrow Agent in performing its duties as Escrow Agent including, but not limited to, reasonable attorneys' fees (either paid to retained attorneys or amounts representing the fair value of services rendered to itself).

(m) The terms and provisions of this Paragraph shall create no right in any person, firm or corporation other than the parties hereto and their respective successors or assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

(n) In the event of any dispute, disagreement or suit between Seller and Purchaser, whether pertaining to the Letter of Credit, this Agreement or otherwise, Escrow Agent shall have the right to represent or otherwise serve as attorneys for Seller.

(o) Escrow Agent is designated the "real estate reporting person" for purposes of Section 6045 of Title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation.

(p) The applicable provisions of this Paragraph shall survive the Closing or termination of this Agreement.

55. MISCELLANEOUS.

(a) This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective heirs, successors, legal representatives and assigns.

(b) This Agreement may be executed in one or more counterparts, each of which when so executed and delivered by each party to the other shall be deemed an original, but all of which when taken together shall constitute but one and the same instrument.

(c) At any time or from time to time, upon written request of the other party, each party shall execute and deliver all such further documents and do all such other acts and things as reasonably may be required to confirm or consummate the within transaction.

(d) The captions preceding the Paragraphs of this Agreement are intended only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(e) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. No variations or modifications of or amendments to the terms of this Agreement shall be binding unless in writing and signed by the parties hereto. The respective attorneys for each party are authorized to modify any dates or time periods set

forth herein.

(f) The terms, conditions, covenants and provisions of this Agreement shall be deemed to be severable except with respect to any provisions relating to the Purchase Price. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, the same shall be deemed to be severable and shall not affect the validity of any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect.

(g) The obligations of each party to complete the transactions contemplated hereby is subject to the satisfaction, as of Closing, of all of the terms, conditions and obligations to be met and/or performed by the other party or which otherwise are for the benefit of such party, any of which conditions and/or obligations may be waived in whole or in part by the party which is the beneficiary of such condition or obligation.

(h) Each party, at its sole cost and expense, shall have the right to record a short form memorandum of this Agreement, which memorandum shall not set forth the Purchase Price or terms of payment, and each party agrees to execute any such short form memorandum upon the request of the other party.

(i) As used in this Agreement, the masculine gender shall include the feminine or neuter genders and the neuter gender shall include the masculine or feminine genders, the singular shall include the plural and the plural shall include

the singular, wherever appropriate to the context.

(j) This Agreement shall be governed by and enforced in accordance with the substantive laws of the State of New Jersey.

56. GUARANTY.

(a) Guarantors hereby, jointly and severally, guarantee to Purchaser, its successors and assigns the full, due and timely completion of construction of all Improvements in the manner required by the Approved Plans and Specifications from time to time and in accordance with the provisions of this Agreement including any modifications or amendments hereto, without any further writing, and the costs for enforcing this Guaranty (collectively, the "Obligations").

(b) This is a guaranty of payment and performance and not of collection. The obligations of Guarantors hereunder are independent of the obligations of Seller, and a separate action or actions may be brought and prosecuted against Guarantors, regardless whether action is brought against Seller or whether Seller are joined in any such action or actions.

(c) Guarantors agree that the obligations of Guarantors under this Paragraph 26 are primary, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Agreement or any instrument referred to herein, or any substitution, release or exchange of any other guaranty of or security for the Obligations, and, to the fullest extent permitted by applicable

law, irrespective of any other circumstance whatsoever (including, without limitation, personal defenses of Seller) which might otherwise constitute a legal or equitable discharge or defense of a surety, guarantor or co-obligor, it being the intent of this Paragraph 26 that the obligations of Guarantors hereunder shall be primary, absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more the following shall not alter or impair the liability of Guarantors hereunder:

(i) at any time or from time to time, without notice to or consent of Guarantors, the time for any performance of or compliance with the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any modification of or amendment to the Agreement;

(iii) the existence of any claim, set-off or other right which Guarantors may have at any time against Purchaser, Seller or any other person or entity, whether in connection herewith or with any unrelated transaction;

(iv) any of the acts required or contemplated in any of the provisions of the Agreement or other instruments referred herein shall be done or omitted;

(v) the maturity of any of the Obligations shall be accelerated or extended, or any of the Obligations shall be modified, supplemented or amended in any respect or any right

under the Agreement or other instruments referred to herein shall be waived or extended or any other guaranty of the Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(vi) Purchaser releases or substitutes any one or more of any Seller, endorses or guarantors of the Obligations;

(vii) any of the Obligations shall be determined to be void or voidable or shall be subordinated to the claims of any person; or

(viii) there shall be occur any insolvency, bankruptcy, reorganization or dissolution of Seller(s) or other Guarantor.

With respect to their obligations hereunder, Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever and any requirement that Purchaser exhaust any right, power or remedy or proceed against any person under the Agreement or other instruments referred to herein, or against any collateral or other person under any other guaranty of, or security for, or obligation relating to, any of the Obligations.

(d) The obligations of Guarantors under this Paragraph 26 shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of any persons in respect of the Obligations is rescinded or must be otherwise restored by Purchaser or any other holder or recipient of payment or performance of the Obligations, whether as a result

of any proceedings in bankruptcy or reorganization or otherwise, and Guarantors agree that they will pay to Purchaser on demand all reasonable out-of-pocket costs and expenses (including, without limitation, fees of counsel) incurred by Purchaser in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

(e) Without limiting the generality of the provisions of this

Paragraph 26, Guarantors hereby specifically waive: (a) promptness, diligence, notice of acceptance and any other notice with respect to the Obligations; (b) any requirement that Purchaser protect, secure or insure any lien or any property subject thereto or exhaust any right or take any action against Seller or any collateral or undertake any marshalling of assets; (c) the right to direct the order of enforcement or remedies, (d) any defense arising by reason of any claim or defense based upon an election of remedies by Purchaser which in any manner impairs, reduces, releases or otherwise adversely affects its subrogating, contribution or reimbursement rights or other rights to proceed against Seller or any collateral; (e) any duty on the part of Purchaser to disclose to Guarantors any matter, fact or thing relating to the business, operation or condition of the Properties or Seller and their assets now known or hereafter known by Purchaser; and (f) all presentments, demands for

performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of the guaranty provided for in this Paragraph 26 and the existence, creation or incurrence of new or additional indebtedness.

57. ROLLBACK TAXES. Any "rollback taxes" assessed or to be assessed against any Premises identified on Schedule "A" pursuant to the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1, et seq., shall be paid by Seller. If rollback taxes will be due with respect to any Premises but are not assessed against a Property at a Closing, a good-faith estimate of the amount of same shall be obtained by the parties from the tax assessor of the Township of Moorestown, at least twenty-four (24) hours prior to Closing, and Seller shall pay one hundred twenty-five (125%) percent of the amount of said estimate from the proceeds at Closing into escrow to be held by Title Company until such time as the rollback tax assessment against the respective Premises is made. Upon Title Company's receipt of notice from Purchaser that said rollback taxes have been assessed against the Premises, Title Company shall, within three (3) business days thereof, pay said taxes to the Township of Moorestown. In the event the amount of the monies being held in escrow by Title Company are not sufficient to cover payment of said rollback taxes, then Seller shall promptly pay to Purchaser any additional monies that are due and payable by Seller in accordance with the terms and provisions of this Paragraph; and in the event the amount of the escrow monies are in excess of the amount of said rollback taxes,

then Title Company shall disburse the remaining balance of the escrow funds to Seller after the amount of the escrow monies due to Purchaser have been disbursed to the Township of Moorestown, in accordance with the terms and provisions of the immediately proceeding sentence. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligations under this Paragraph 27.

58. SELLER'S RIGHT TO EXCHANGE PROPERTY.

(a) (i) Seller shall have the right, exercisable at least thirty (30) days prior to Closing, to elect to exchange the Property for other property of like kind ("Exchange Property") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended.

(ii) If Seller elects to effect any exchange, it shall notify Purchaser as to all details thereof, and Purchaser shall execute a contract to purchase the Exchange Property in a form satisfactory to Seller (hereinafter called the "Exchange Contract"), and immediately thereafter shall assign all of its right, title and interest in and to the Exchange Contract to the Exchange Escrow Agent, as hereinafter defined. The funds required to pay the deposit under the Exchange Contract shall be provided to Purchaser by Seller or Exchange Escrow Agent. The Exchange Contract shall provide for the right of assignment by Purchaser to Exchange Escrow Agent and/or Seller without

recourse, and that the seller of the Exchange Property shall look only to the deposit monies thereunder as liquidated damages, there being no liability on the part of Purchaser to said seller. Purchaser shall not be obligated to execute an Exchange Contract which would require Purchaser to be personally liable on any indebtedness or to incur any cost or expense which would increase Purchaser's liability beyond that liability incurred by Purchaser hereunder.

(iii) In no event, however, shall the closing of title to the Property be delayed due to the inability of Seller to select an Exchange Property or close title thereto.

(b) (i) If Seller shall elect to exchange the Property pursuant to this Paragraph, whether or not an Exchange Property has been designated, as herein set forth, the Purchase Price, exclusive of the satisfaction of liens, payment of closing costs and other permitted expenses, shall be deposited with the Exchange Escrow Agent ("Escrow Account"), subject to the Exchange Escrow Agent executing an agreement reasonably satisfactory to Purchaser whereby Exchange Escrow Agent agrees to be bound by the terms and conditions of this Paragraph 28, and shall not be paid to Seller at Closing. The Escrow Account shall be held by Exchange Escrow Agent in an interest bearing account, pursuant to the terms hereof. The interest earned upon the Escrow Account while being held by Exchange Escrow Agent shall be added to the Escrow Account and shall be paid to Seller at the closing of the Exchange Property.

(ii) Purchaser appoints its title insurance company or such other title insurance company or other entity as Purchaser reasonably may designate, its agent, in order to effectuate the Exchange (the "Exchange Escrow Agent"). Purchaser and Seller shall cooperate with each other

and Exchange Escrow Agent and promptly shall sign and deliver to Exchange Escrow Agent all documents reasonably deemed necessary by Seller in order to qualify this transaction pursuant to Internal Revenue Code Section 1031.

(iii) Seller shall pay all fees relating to the Escrow Account, and all reasonable attorneys' fees and expenses of Purchaser, if any, relating to the exchange transaction and in no event shall Purchaser be required to assume any liability thereunder.

(iv) During the period that the Escrow Account is in existence, Seller shall not have any control, directly or indirectly, over the funds placed in the Escrow Account, except as may be expressly provided herein.

(v) If, at the time of Closing, Seller shall not have designated the Exchange Property, then if within forty-five (45) days following Closing, Seller shall deliver to Purchaser and to Exchange Escrow Agent a designation of an Exchange Property which Seller desires to acquire by way of exchange for the Property transferred to Purchaser at Closing ("Designation"), the parties shall proceed as provided for herein. If there is no timely Designation, then Exchange Escrow Agent, on the

forty-sixth (46th) day after Closing (or, if such day is a Saturday, Sunday or legal holiday, on the first business day thereafter) shall disburse to Seller the Escrow Account and all interest earned thereon shall be paid to Purchaser.

(vi) Any Designation of an Exchange Property shall include an Exchange Contract, or thereafter Seller shall provide Purchaser with an Exchange Contract, which Exchange Contract shall comply with the terms set forth in Subparagraph 28.(a). The parties acknowledge that there may be multiple Exchange Properties and that multiple Designations may be delivered, provided that each meets the conditions set forth herein and the requirements of the Internal Revenue Code Section 1031 and regulations thereunder.

(vii) Upon receipt by Purchaser of an Exchange Contract, it shall execute and deliver the Exchange Contract to the seller of the Exchange Property ("Exchange Seller"), Seller and Exchange Escrow Agent. Thereafter, Purchaser shall assign its interest in the Exchange Contract to Exchange Escrow Agent, it being agreed that Purchaser shall not take title to any Exchange Property.

(viii) Upon Purchaser executing any Exchange Contract, and in accordance therewith, Exchange Escrow Agent shall pay from the Escrow Account to Exchange Seller, or such other party as is provided for in the Exchange Contract, the amount of the deposit and all other monies required under the Exchange Contract or otherwise related to the transaction.

(ix) Exchange Escrow Agent shall not be liable to either Seller or Purchaser in connection with its performance as Exchange Escrow Agent, except in the event of intentional wrongdoing or negligence. Exchange Escrow Agent is authorized only to do those acts necessary and proper to effect the purpose of this Agreement.

(x) The Exchange Escrow Agent shall use the Escrow Account, for payment of the deposit and all other payments due under the Exchange Contract to purchase the Exchange Property, plus closing costs, and for no other purpose.

(xi) If the payment for the Exchange Property shall exceed the amount of the Escrow Account, Seller either shall: (i) deposit an amount equal to such excess with Exchange Escrow Agent no later than the day of the Exchange Property Closing; or (ii) cause or direct that the funds necessary to effectuate the Exchange Property Closing be paid directly to Exchange Seller at the Exchange Property Closing.

(xii) At the Exchange Property Closing, the following shall be deposited or caused to be deposited with Exchange Escrow Agent: (i) a deed for the Exchange Property from Exchange Seller as grantor to Seller, as grantee; and (ii) any other documents or agreements necessary or incidental to the acquisition or conveyance of the Exchange Property.

(xiii) When all documents and funds called for herein have been deposited with Exchange Escrow Agent and when a title policy can be issued on the Exchange Property to Seller,

subject only to title exceptions approved by Seller, Exchange Escrow Agent shall record the deed, disburse the funds and deliver all other documents to Seller. All expenses, reimbursements and prorations in connection with the Exchange Property shall be governed by the provisions of the Exchange Contract, except as expressly set forth herein.

(xiv) Purchaser makes no warranty with respect to the Exchange Property and Seller assumes all responsibility for title to the Exchange Property being good and marketable. Seller agrees to indemnify Purchaser and hold Purchaser harmless from any damages, liability, costs, expenses, claims, losses or demands (including reasonable attorneys' fees and costs of litigation including those for enforcing this indemnity), arising out of or in any way related to the acquisition of the Exchange Property. If the Exchange Property is subject to any mortgage, deed of trust or lease, Purchaser shall assume no liability or obligation with respect to said mortgage, deed of trust or lease. Purchaser makes no representations as to the tax consequences of any aspect of this transaction.

(xv) If the Exchange Property as may be designated by Seller is not conveyed to Seller within the earlier of: (i) one hundred eighty (180) days after Closing; or (ii) the due date (determined with regard to extensions) of Seller's federal income tax return for the taxable year in which

the transfer of the Property occurs or if no Exchange Property is designated within forty-five (45) days following Closing, then the Escrow Account

shall be released to Seller, free of the escrow, and the obligations of Purchaser and Exchange Escrow Agent shall end. Notwithstanding failure of the Exchange Property to be conveyed to Seller as hereinabove set forth, the transfer of the Property to Purchaser shall not be subject to recession or revocation by Seller or Purchaser for any reason whatsoever.

[REST OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals or caused these presents to be signed and sealed by duly authorized persons the day and year first above written.

SELLER:

WITNESSES:

LANCER ASSOCIATES, L.L.C.

_____

By:_____
Name:_____
Title:_____

WITNESS:

THE MOORESTOWN TWOSOME

_____

By:_____
Name:_____
Title:_____

PURCHASER:

ATTEST:

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

_____

By:_____
Name:_____
Title:_____

AS TO PARAGRAPHS 23 AND 26:

WITNESS:

_____

_____
JOHN S. McGARVEY

_____

_____
WILLIAM G. PRICE, JR.

EXHIBIT NO. 10.132

AGREEMENT OF SALE

AGREEMENT made this day of January, 1998, by and between LANCER ASSOCIATES, L.L.C., a New Jersey limited liability company, having an office at 840 N. Lenola Road, Moorestown, New Jersey 08057 (hereinafter called "Seller"), and MACK-CALI REALTY, L.P., a Delaware limited partnership, having an office at 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter called "Purchaser").

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the mutual covenants hereinafter contained:

59. AGREEMENT TO SELL AND PURCHASE.

(a) Seller hereby agrees to sell and convey, and Purchaser hereby agrees to purchase, subject to the conditions set forth herein, those certain plots, pieces or parcels of land ("Land"), together with all buildings and improvements located thereon or to be constructed thereon, and any appurtenances or hereditaments appertaining thereto ("Improvements"), located in the Township of Moorestown, County of Burlington, State of New Jersey (hereinafter referred to as the "Premises"). The Land and Improvements constitute a portion of Lots 1, 2, 3 and 4, Block 300 on the current Township's Tax Map, and are more particularly described on Schedule "A" attached hereto and made a part hereof and cross-hatched on Schedule "A-1" attached hereto and made a

part hereof.

(b) This sale includes, for no additional consideration, all of the right, title and interest, if any, of Seller in and to the following:

(i) All fixtures, equipment and articles of personal property necessary or appropriate for the operation or use of the Premises, and any replacements or substitutions therefor and additions thereto ("Personal Property"), all trade names and fictitious names used by Seller in connection with the Premises ("Names"), and all documents, records and books of account relating to the construction, ownership, leasing, operation, management, maintenance and/or financing of the Premises, which are in the possession or control of Seller ("Records"). All of said Personal Property, Names and Records shall be included in the deed of conveyance, Bill of Sale and/or assignments to be delivered at Closing (as hereinafter defined), as Purchaser may request;

(ii) Any land lying in the bed of any street, or road open or proposed in front of, adjacent to, or adjoining the Premises, to the center lines thereof, and any future award, if any, for damages to said Premises by reason of change of grade of any street and all rights of way appurtenant thereto ("Appurtenant Property"); and Seller shall execute and deliver to Purchaser, at Closing or thereafter, on demand, all proper instruments for the conveyance of such title and for the assignment and collection of any such award.

The Premises, together with the Personal Property, Names, Records and Appurtenant Property are referred to herein collectively as the "Property".

60. PURCHASE PRICE.

The purchase price to be paid by Purchaser to Seller is Three Million Six Hundred Fifty Thousand ($3,650,000.00) Dollars (herein called the "Purchase Price"), subject to adjustments and prorations described herein. The Purchase Price shall be payable by immediately available funds in accordance with wiring instructions of Seller. The Purchase Price shall be payable in full at Closing.

61. DEPOSIT.

(a) Upon the execution and delivery of this Agreement, Purchaser shall deliver to Escrow Agent (as hereinafter defined in Paragraph 3.(b) hereof) an irrevocable letter of credit in substantially the form of the letter of credit annexed hereto as Schedule "C" in the sum of One Hundred Thousand ($100,000.00) Dollars (the "Letter of Credit").

(b) The Letter of Credit shall be deposited with Archer & Greiner, Esqs., attorneys for Seller ("Escrow Agent"), and shall be held by Escrow Agent in accordance with the provisions of Paragraph 23 hereof, subject to the following terms:

(i) At Closing, the Letter of Credit shall be delivered to Purchaser;

(ii) If this Agreement is terminated pursuant to

its terms, or if this transaction otherwise does not close for any reason except for Purchaser's or Seller's default, the Letter of Credit shall be delivered immediately to Purchaser without application of Paragraph 23(f), (h) and (I) hereof;

(iii) If this Agreement is terminated due to Purchaser's default, the Letter of Credit shall be delivered immediately to Seller as liquidated damages pursuant to Paragraph 18 hereof subject to the terms of Paragraph 23 hereof; and

(iv) If this Agreement is terminated due to Seller's default, the Letter of Credit shall be delivered to Purchaser, subject to the terms of Paragraph 23 hereof.

62. CONSTRUCTION OF IMPROVEMENTS.

(a) Attached hereto and made a part hereof as Schedule "B" is

a list of complete architectural drawings and specifications (the "Plans and Specifications") for the construction of Improvements on the Property. The Plans and Specifications shall be final and shall not be changed by Seller without the prior consent of Purchaser.

(b) Seller has advised Purchaser that it has commenced construction of the Improvements and covenants and agrees that it shall, promptly and with due diligence continue to construct the Improvements on the Property in accordance with the Plans and Specifications, including, without limitation, utility lines, drainage, lighting facilities, grading and paving, landscaping, approaches, entrances, exits, ramps, sidewalks, roadways, curb cuts, loading areas, platforms, service roads and all buildings

required to be constructed pursuant to the Plans and Specifications. The construction work shall be done in a first class, good and workmanlike manner and in compliance with all applicable laws, orders and regulations of federal, state, county and municipal authorities having jurisdiction. Seller, at its sole cost and expense, shall obtain or cause to be obtained all building permits, licenses, temporary and permanent certificates of occupancy and other governmental approvals which may be required to permit the construction of the Improvements in accordance with the Plans and Specifications and the use or occupancy thereof.

(c) Purchaser may, on reasonable prior notice to Seller, visit the job site to inspect the progress and performance of the work and the materials being incorporated into the Improvements.

(d) At least ten (10) days prior to Closing (as hereinafter defined) but not later than thirty (30) days after Substantial Completion (as hereinafter defined) of construction of the Improvements on the Property, Seller shall, at its sole cost, deliver to Purchaser an accurate "as built" survey of the Improvements certified to Purchaser and its designees by a duly licensed surveyor including the information set forth on Schedule "E", together with three (3) sets of "as built" plans of the Improvements, including, without limitation, architectural and mechanical plans.

(e) Seller shall, at its own expense, maintain or

cause to be maintained in force a policy or policies of insurance written by one or more responsible insurance carriers acceptably rated by national rating organizations insuring against liability for bodily injury, death and property damage of any person or persons in connection with construction work to be performed pursuant to this Agreement, with minimum limits as set forth below:

(A) Worker's Compensation: Statutory Limits.

(B) Employer's Liability: $100,000.00.

(C) Comprehensive General Liability covering the following:

(1) Bodily injury, death and property damage having a combined single limit of liability of not less than Two Million ($2,000,000.00) Dollars;

(2) Owner's Protective Liability: $1,000,000.00 per occurrence;

(3) Products Completed Operations Coverage: (to be kept in effect for two (2) years after completion);

(4) "XCU" Hazard Endorsement, if applicable;

(5) "Broad Form" Property Damage Endorsement;

(6) "Personal Injury" Endorsement;

(7) Contractual Liability

Endorsement. Such policy or policies shall provide, among other things, that the insurer(s) specifically recognize and insure the obligations undertaken by Seller pursuant to this Agreement and shall name

Purchaser as an additional insured. Seller shall deliver a certificate of insurance evidencing the existence in force of such policy or policies of insurance. Such certificate shall provide that such insurance will not be canceled or materially amended unless twenty (20) days prior written notice is given to Purchaser.

(f) Seller covenants and agrees, at its sole cost and expense, to promptly make, or cause to be made, all repairs and replacements to the applicable work arising from defective labor and/or materials during the period commencing on final completion of such Improvements and terminating on the date which is one (1) year therefrom.

(g) Seller shall give Purchaser at least sixty (60) days prior notice of the date of Substantial Completion (the "Substantial Completion Notice").

63. TITLE.

(a) Seller shall convey title to the Property and Purchaser shall accept Marketable Title (as hereinafter defined), subject only to the encumbrances set forth on Schedule "D" ("Permitted Encumbrances"). Marketable Title shall mean that fee title to the Property is vested in Seller and shall be insured as such by a title company selected by Purchaser (herein referred to as the "Title Company") at standard rates; and that Purchaser shall not incur any damage, cost or expense resulting from any encroachment or overlap affecting the Property. Title Company shall certify that Seller has the right, authority and power to

enter into and to perform its obligations hereunder. The legal description in the Binder (as hereinafter defined) and in the Deed (as hereinafter defined) shall be in accordance with a current survey showing the completed Improvements satisfactory to Title Company and Purchaser.

(b) Purchaser has received a title insurance binder (herein referred to as the "Binder"), a copy of which has been delivered to Seller. Prior to the expiration of the Due Diligence Period (as hereinafter defined), Purchaser shall deliver to Seller's attorney notice of any objections to title which are not Permitted Encumbrances. After the execution hereof, no further liens, encumbrances, easements or restrictions shall be created or filed ("Subsequent Encumbrances") on or with respect to the Property. The Binder, at the request of Purchaser, shall contain the following endorsements so that at Closing, Title Company will issue an Owner's Policy of Title Insurance (American Land Title Association Owner's Policy - 1992, or equivalent, in Purchaser's sole judgment), in the full amount of the Purchase Price (the "Title Policy"):

(i) a zoning endorsement certifying that the Property is not subject to any ordinance, regulation or restriction which in any way would prohibit or restrict the construction, maintenance and/or use of the insured Property for its present use;

(ii) an endorsement insuring contiguity between or among all of the tracts or parcels of land comprising the

Property;

(iii) an endorsement deleting any coverage exclusions with respect to creditor's rights; and

(iv) an endorsement affirmatively insuring access to public streets, highway and roadways.

If the Binder discloses any exceptions, liens, encumbrances, defects or objections other than the Permitted Encumbrances or if, after execution hereof, a Subsequent Encumbrance shall be placed against the Property or if the Title Company is unable to issue the endorsements (herein collectively called the "Title Defect(s)"), then Purchaser shall have the right to: (i) require Seller to use best efforts to cure any such Title Defects (except that Seller shall be obligated to cure any Title Defects which can be removed solely by the payment of a sum of money); (ii) attempt to cure any such Title Defect; (iii) accept such title as Seller shall be able to convey and proceed to Closing without reduction in the Purchase Price; (iv) cause a title report and title insurance policy to be issued by another title company without such Title Defect; (v) elect not to purchase the Property and declare this Agreement null and void, whereupon Purchaser shall be entitled to the return of the Letter of Credit; provided, however, if Seller gives notice to Purchaser within five (5) days after Purchaser's election under this subparagraph (v), that Seller intends to cure such Title Defects and thereafter cures such Title Defects in accordance with the terms of this Agreement within thirty (30) days after receipt of notice

from Purchaser of its election under this subparagraph (v), then Purchaser's notice of termination shall be deemed negated and the transaction contemplated by this Agreement shall proceed pursuant to the terms of this Agreement. The right of Purchaser to terminate this Agreement may be exercised following the exercise of its other rights hereunder.

(c) If at Closing there are liens or encumbrances against the Property other than Permitted Encumbrances, Seller may use any portion of the Purchase Price to satisfy same, provided Seller, at Closing, either shall: (1) deliver to Purchaser instruments in recordable form sufficient to satisfy such liens or encumbrances of record, together with the cost of recording or filing said instruments; or (2) deposit with Title Company sufficient monies acceptable to Title Company to insure obtaining and recording of such satisfactions and the issuance of a Title Policy for the Property to Purchaser free and clear of any such liens or encumbrances, but only to the extent that such liens or encumbrances are in favor of and held by institutional lenders. The existence of any such liens or encumbrances shall not be deemed objections or exceptions to title if Seller shall comply with the foregoing requirements.

(d) If a search of title discloses judgments, bankruptcies or other returns against other persons or entities having names the same as or similar to that of Seller or any predecessor in title, Seller, on request, shall deliver to Title Company, an affidavit showing that such judgments, bankruptcies

or other returns are not against Seller or such predecessors in interest of Seller.

64. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Seller acknowledges that all representations and

warranties set forth in this Agreement presently are true and accurate and shall remain true and accurate as of the Closing Date, it being acknowledged that Purchaser is relying on all of said representations and warranties, and that each of the representations and warranties set forth in this Agreement is of the essence hereof, notwithstanding any investigation, review, examination or other acts or conduct of Purchaser, its agents or representatives relating to or in connection with, any representation or warranty contained in this Agreement. In addition to any other representations, warranties and/or covenants contained in this Agreement, Seller makes the following additional representations, warranties and/or covenants:

(A) Seller has delivered to Purchaser true, correct and complete copies of any applicable certificate of incorporation, certificate of formation, certificate of limited partnership, trade name certificate, Shareholders' Agreement, Operating Agreement, Limited Partnership Agreement, Partnership Agreement, Trust Agreement, By-Laws and all other governing documents of Seller and each participant of Seller (referred to herein singularly and collectively as "Organizational Document(s)");

(B) Seller is duly organized, validly existing

and in good standing in its state of formation and is in good standing in New Jersey, has the right and authority to execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing this Agreement and all other applicable documents on behalf of Seller have the right, power and authority to do so. Seller shall provide Purchaser true copies of its authority and appropriate resolutions ("Seller Resolutions") ratifying Seller's entering into this Agreement, and authorizing Seller's sale of the Property to Purchaser in accordance with the terms of this Agreement;

(C) Seller owns and shall convey to Purchaser the Premises and the fixtures, Personal Property, Names and Records, free and clear of all liens and encumbrances, except for the Permitted Encumbrances;

(D) Seller has no knowledge of and has not received any notice(s) of, any violations of law, code, ordinances, rule, regulation or requirements noted in or issued by any governmental department having authority with respect to the Property, except as otherwise provided herein. Seller shall deliver to Purchaser true copies of any such notice(s) received after the date hereof, forthwith on receipt thereof, and each such notice shall be complied with by Seller, at its sole cost and expense, prior to Closing, or as otherwise agreed upon between the parties;

(E) Schedule "F" annexed hereto and made a part

hereof contains a complete and accurate statement of all tenants who have entered Leases, whether or not they are occupying space at the Property as of the date of this Agreement ("Tenant(s)"), each of whom has entered into and/or will be in occupancy pursuant to a written lease agreement (referred to herein collectively as "Leases" and individually as a "Lease"). Schedule "F" contains: (i) the complete and accurate name of each Tenant; (ii) the commencement date of each Lease or the basis for determining same; (iii) the termination date of each Lease or the basis for determining same; (iv) the renewal, extension or other rights or options, if any, for existing, additional and/or other space granted by each Lease, and whether said rights or options have been exercised; (v) the initial base rent being paid or to be paid by each Tenant; (vi) the initial additional rent being paid or to be paid by each Tenant (itemized); (vii) the date the last base and additional rent were paid by each Tenant, if any, and the period covered by said payment; (viii) the amount of the security deposit being held or to be held by Seller, if any, for each Tenant and the amount of interest accrued thereon, if interest is required to be paid to any Tenant; (ix) any future concession, rebate, allowance, free rent period or other considerations; (x) any right of each Tenant to purchase or acquire an ownership interest in all or any portion of the Property; and (xi) any breach or default by landlord or Tenant in accordance with the provisions of subparagraph (G) below. There are no tenants, licensees,

concessionaires or other occupants or persons with the right of occupancy of any portion of the Property except for Tenants set forth on Schedule "F". At the Closing, Seller will assign to Purchaser, and Purchaser will assume from Seller, all of Seller's interest in the Leases and the security deposits, by execution and delivery of the assignment and assumption of leases ("Assignment and Assumption of Leases") in the form annexed hereto and made a part hereof as Schedule "G". At the Closing, the parties agree to execute letters notifying all Tenants of the sale of the Property to Purchaser ("Tenant Notice") in the form annexed hereto and made a part hereof as Schedule "H";

(F) True and complete copies of the Leases and all amendments or modifications thereto have been given to Purchaser for each Tenant listed on Schedule "F". There are no amendments or modifications to the Leases which have not been provided to Purchaser;

(G) The Leases are in full force and effect. Neither Seller nor, except as set forth on Schedule "F", any Tenant is in breach or default of its Lease obligations, and to the best of Seller's knowledge, nothing has occurred which, with the passage of time and/or with the giving of notice, might result in Seller or any Tenant being in breach or default of its Lease obligations;

(H) At the time of Closing, all obligations of Seller pursuant to the Leases with respect to performance of work or installation of equipment in all respects shall have been

completed, subject to the terms of this Agreement;

(I) No Tenant is entitled to receive or has been offered or given any free rent, rent concessions, rebates, allowances or other considerations which would be effective for any period after the date of this Agreement, except as set forth in the Leases listed on Schedule "F," and no Tenant has made a claim for any of the foregoing, except as otherwise herein provided;

(J) To the best of Seller's knowledge, there are no claims, offsets or charges asserted by any Tenant against rent, security deposit or any other payment to be made by such Tenant;

(K) No person or entity, other than the aforesaid Tenants, has or shall have any right to use, utilize or occupy the Property or any part thereof, either as a tenant or otherwise;

(L) Seller shall obtain and deliver to Purchaser, on or before the Closing, a duly executed estoppel certificate ("Estoppel Certificate") in the form annexed hereto as Schedule "I" dated not more than fifteen (15) days prior to Closing, from each Tenant;

(M) From and after the date of this Agreement, without Purchaser's prior consent, Seller shall not: (i) accept prepayment of rent more than one month in advance from any Tenant; (ii) grant any free rent, rent concession, rebate, allowance or other consideration; (iii) modify or amend any

Leases; (iv) accept the surrender of any Leases; or (v) enter into any new leases or other occupancy, license or concession arrangements with Tenants or any other person or entity for the use of any portion of the Property;

(N) Except as otherwise provided herein in Schedule "J" annexed hereto, there are no brokerage commissions or other fees due in connection with the rental of any space at the Property, there will be no obligation for such commissions or fees due at the Closing, and there will be no obligations for such commissions or fees due after the Closing, including, without limitation, any obligation to pay commissions or fees in connection with the renewal or extension of the term of any Leases. All brokerage commissions in connection with the leasing of any space in the Property, whether due prior to Closing or thereafter, on account of the continued occupancy by any Tenant for the lease term in effect at Closing, shall be paid by Seller at Closing or allowed as a credit against the Purchase Price by Seller at Closing (in which event Purchaser shall pay such commissions in accordance with the provisions of the applicable brokerage agreements). All brokerage commissions in connection with the leasing of any space in the Property on account of any unexercised renewal, extension or taking of other space at the time of Closing shall be paid by Purchaser. Each party shall indemnify, defend and hold the other harmless from and against any and all costs and liabilities incurred by such party as a result of the falsity of the aforesaid representation or the

breach of the aforesaid obligation;

(O) At Closing, Seller shall deliver to Purchaser an assignment (to the extent lawfully assignable) of all of its right, title and interest in: (i) any existing Certificate of the Board of Fire Underwriters covering the Property; (ii) any permits or licenses it may have pertaining to the Property; (iii) all available site and building plans and specifications relating to the Property; and (iv) all available Certificates of Occupancy;

(P) All existing guarantees and warranties which Seller has received or will receive from contractors, subcontractors, manufacturers, materialmen, distributors, sellers or others, regarding all or any portion of the Property are set forth on Schedule "L" attached hereto and made a part hereof (together with any additional guarantees and warranties relating to the Property received after the date hereof, being collectively referred to herein as "Guarantees"). At Closing, Seller shall assign to Purchaser (to the extent the Guarantees are assignable) all of its right, title and interest in and to all Guarantees;

(Q) All service, maintenance, vending, concession, license, agency or other agreements affecting the Property or the operation thereof ("Contract(s)") will be in force at the Closing and a true and complete list of all Contracts are set forth on Schedule "M" annexed hereto and made a part hereof. True copies of all Contracts have been delivered to

Purchaser or shall be delivered to Purchaser within ten (10) days of the date hereof. Any or all such Contracts, upon Purchaser's request, shall be assigned by Seller to Purchaser at Closing and all Contracts are cancelable on not more than thirty (30) days' notice. On request of Purchaser, Seller shall cancel any or all of such Contracts as of the Closing Date. Between the date hereof and the Closing, Seller shall not renew, extend, modify or terminate any of said Contracts or enter into any other contract and/or agreement affecting the Property or the operation thereof without the consent of Purchaser in each instance first being obtained. No party to any Contract is in breach or default thereunder, and to Seller's knowledge, nothing has occurred which with the passage of time and/or with the giving of notice could constitute a breach or default thereunder;

(R) At the time of Closing there shall not be any, employment, collective bargaining or union agreements affecting the Property or the operation thereof or any deferred income or retirement plans in effect;

(S) There are no actions, suits, labor disputes,

litigation or proceedings ("Action(s)") pending or, to the knowledge of Seller, threatened against or affecting Seller or the Property, the environmental condition thereof or the operation thereof at law or in equity or before any federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality, nor does Seller have knowledge of any basis for any such Action, which, if determined adversely

to Seller, in any way would affect the Property or the operation thereof other than as set forth on Schedule "N" annexed hereto and made a part hereof. None of the Actions listed on Schedule "N" nor any subsequent Actions will be settled, either prior to or after Closing, without Purchaser's consent, nor will Seller take any material actions in connection therewith without first notifying Purchaser;

(T) Seller has not, nor prior to Closing shall: make a general assignment for the benefit of creditors; file a voluntary petition in bankruptcy; be by any court adjudicated a bankrupt; take the benefit of any insolvency act; be dissolved or liquidated, voluntarily or involuntarily; or have a receiver or trustee appointed in any proceedings;

(U) Seller has no knowledge and has received no notice of any application for any zoning change or pending zoning ordinance or amendment, which would affect the Property;

(V) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Seller is a party or by which Seller is bound or as to which any of its assets is subject;

(W) Seller has not entered into any commitment or any agreement or understanding with any municipality, county, state or federal government agency or authority which would require the installation of any improvements or the incurring of any cost or expense affecting the Property or otherwise;

(X) Seller presently maintains and shall continue to maintain until Closing policies of insurance in accordance with Schedule "O" attached hereto and made a part hereof;

(Y) Seller has no knowledge of any Federal, State or local plans to change the highway or road system in the vicinity of the Property or to restrict or change access from any such highway or road to the Property or of any pending or threatened condemnation of the Property or any part thereof or of any plans for improvements which might result in a special assessment against the Property;

(Z) At Closing, no services, material or work have been supplied by Seller's contractors, subcontractors or materialmen with respect to the Property for which payment has not been made in full. If, subsequent to the Closing Date, any mechanic's or other lien, charge or order for the payment of money shall be filed against the Property or against Purchaser or Purchaser's assigns, based upon any act or omission, or alleged act or omission before or after the Closing Date, of Seller, its agents, servants or employees, or any contractor, subcontractor or materialmen connected with the construction and completion by Seller of improvements at the Property, or repairs made to the Property by or on behalf of Seller (whether or not such lien, charge or order shall be valid or enforceable as such), within ten (10) days after notice to Seller of the filing thereof, Seller shall take such action, by bonding, deposit, payment or otherwise, as will remove or satisfy such lien of record against

the Property;

(AA) Seller has provided Purchaser with all reports and documents set forth on Schedule "P", which are all of the Environmental Documents (as defined in Paragraph 14.(e)(iv) hereof) in its possession or under its control related to the physical condition of the Property. In addition, Seller has provided Purchaser with all books and records necessary for Purchaser to conduct its due diligence of the Property;

(BB) Seller has no knowledge of any notices, suits, investigations or judgments relating to any violations of any laws, ordinances or regulations affecting the Property, (including, without limitation, Environmental Laws [as defined in Paragraph 14.(e)(v) hereof]), or any violations or conditions that may give rise thereto, and has no reason to believe that any "Governmental Authority" (as defined in Paragraph 14.(e)(vi) hereof) contemplates the issuance thereof, and there are no outstanding orders, judgments, injunctions, decrees, directives or writ of any Governmental Authority against or involving Seller or the Property; and

(CC) Except as disclosed on Schedule "Q" attached hereto and made a part hereof:

(1) to the best of Seller's knowledge, there are no Contaminants (as defined in Paragraph 14.(e)(i) hereof) on, under, at, emanating from or affecting the Property, except those in compliance with all applicable Environmental Laws;

(2) Seller has not, nor to Seller's

knowledge, has any current occupant and any prior owner or occupant, of the Property received any Notice (as defined in Paragraph 14.(e)(ix) hereof) or advice from any Governmental Authority or any other third party with respect to Contaminants on, under, at, emanating from or affecting the Property and, to Seller's knowledge, no Contaminants have been Discharged (as defined in

Paragraph 14.(e)(ii) hereof) which would allow a Governmental Authority to demand that a cleanup be undertaken;

(3) no portion of the Property has ever been used by Seller or, to Seller's knowledge, any former owner or current or former occupant to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other third party with respect thereto in violation of Environmental Laws;

(4) no portion of the Property now is or, to Seller's knowledge, ever has been used as a Major Facility (as defined in Paragraph 14.(e)(vii) hereof) and Seller shall not use, nor permit use of any portion of the Property for that purpose;

(5) Seller has not transported any Contaminants, nor to Seller's knowledge has any current or former occupant or former owner transported Contaminants from the Property to another location which was not done in compliance with all applicable Environmental Laws;

(6) no ss. 104(e) informational request has been received by Seller issued pursuant to CERCLA (as defined in Paragraph 14.(e)(i) hereof);

(7) to the best of Seller's knowledge, there is no asbestos or asbestos containing material in any friable state or otherwise in violation of Environmental Laws on the Property;

(8) to the best of Seller's knowledge, all transformers and capacitators containing polychlorinated biphenyls ("PCBs"), and all "PCB Items", as defined in 40 C.F.R. ss. 761.3, located on or affecting the Property are identified in Schedule "S" and are in compliance with all Environmental Laws;

(9) to the best of Seller's knowledge, there are no above ground storage tanks or Underground Storage Tanks (as defined in Paragraph 14.(e)(xi) hereof) at the Property, regardless of whether such tanks are regulated tanks or not;

(10) to the best of Seller's knowledge, all pre-existing above ground storage tanks and Underground Storage Tanks at the Property have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(11) to the best of Seller's knowledge, the Property has not been used as a sanitary landfill facility as defined in the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq.;

(12) Seller and, to the best of Seller's knowledge, each occupant of the Property have all environmental certificates, licenses and permits ("Permit") required to operate the Property and there is no violation of any statute, ordinance, rule, regulation, order, code, directive, or requirement, including, without limitation, Environmental Laws, with respect to any Permit, nor any pending application for any Permit;

(13) to the best of Seller's knowledge, the Property is not subject to any wetlands regulations, administered by the United States of America, Army Corps of Engineers, the Environmental Protection Agency or NJDEP (as defined in Paragraph 14.(e)(viii) hereof);

(14) there are no federal or state liens as referred to under CERCLA or the Spill Act (as defined in Paragraph 14.(e)(i) hereof) that have attached to the Property;

(15) Seller in the past has not and does not now own, operate or control any Major Facility;

(16) Seller has not nor to the best of Seller's knowledge has Seller permitted any occupant to engage in any activity on the Property in violation of Environmental Laws;

(17) the Property is in material compliance with Environmental Laws; and

(18) to the best of Seller's knowledge, there are no engineering or institutional controls at the Property, including without limitation, any deed notice, declaration of environmental restriction, groundwater classification exception area or well restriction area pursuant to N.J.S.A. ss. 13:1E-56 or N.J.S.A. 58:10B-13.

(b) Purchaser hereby represents, warrants and covenants the following:

(A) Purchaser is a limited partnership of the State of Delaware, in good standing, has the right and authority to execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing this Agreement and all other applicable documents on behalf of Purchaser, have the right, power and authority to do so;

(B) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Purchaser is a party or by which it is bound or as to which any of its assets is subject; and

(C) Purchaser shall provide Seller true copies of authorization ("Purchaser's Authorization") authorizing or ratifying Purchaser's entering into this Agreement and authorizing Purchaser's purchase of the Property from Seller in accordance with the terms of this Agreement.

(c) In the event that either party knows or learns that any of the representations contained in this Agreement are false or no longer are true and accurate, such party forthwith shall deliver notice of such fact to the other party, and the other party shall proceed diligently to cure or remedy such misrepresentations. In the event that such misrepresentations cannot or shall not be cured within thirty (30) days following

delivery of notice thereof, then the notifying party shall have the right either (i) to elect, nevertheless, to close title to the Property in accordance with the provisions of this Agreement, or (ii) to declare this Agreement null and void, by notice delivered to the non-curing party. The termination of this Agreement pursuant to this Paragraph 6 shall not release the misrepresenting party from any liability it may otherwise have to the other party by reason thereof.

(d) Whenever in this Paragraph 6, a representation and/or warranty is made to the knowledge of Seller, knowledge of Seller shall mean the actual knowledge of William G. Price, Jr. and/or John S. McGarvey, without any independent investigation other than reviewing the applicable representation and/or warranty.

(e) The representations and warranties made by Seller in Paragraphs 6(C), (E), (F), (H), (K), (N), (V), (W), (AA), (AB) and (AC) shall survive the Closing for the applicable statute of limitations. The representations and warranties made by Seller in Paragraphs 6(A), (B), (D), (G), (I), (J), (L), (M), (O), (P), (Q), (R), (S), (T), (U), (X), (Y) and (Z) shall survive the Closing for a period of one (1) year; provided, however, that no claims for indemnification under Paragraphs 6(A), (B), (D), (G), (I), (J), (L), (M), (O), (P), (Q), (R), (S), (X), (Y), and (Z), with respect to a breach of any representation or warranty referred to above in this sentence may be maintained by Purchaser unless Purchaser shall have delivered notice to Seller specifying

the nature of such claim, which notice shall be delivered on or before the date which is one (1) year after the Closing Date (the "Survival Date"). Upon the giving of such notice as aforesaid, Purchaser shall have the right to commence legal proceedings prior or subsequent to the Survival Date for the enforcement of its rights under this Agreement. The representations and warranties made by Purchaser in Paragraph 6 shall not survive the Closing.

65. LEASES AND TENANCIES.

(a) If any claim is made against Purchaser by any Tenant asserting an offset against rent or otherwise, including any rent over-charges or failure in construction or to provide services, with respect to any matter which arose prior to Closing, Seller shall indemnify and hold Purchaser harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Purchaser in connection thereof. After Purchaser shall receive notice of a claim that may give rise to an indemnity hereunder, Purchaser shall notify Seller; provided, however, the failure to give any notice shall not relieve Seller from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Purchaser with respect to which Seller may have liability under the indemnity agreement contained in this Paragraph 7.(a), the claim may, upon written agreement of Seller that it is obligated to indemnify against the particular claim under the indemnity agreement contained herein,

be settled by Seller with the prior written consent of Purchaser, which shall not be unreasonably withheld.

(b) Purchaser shall assume the Leases following the Closing and shall indemnify and hold Seller harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Seller arising from any claim by a Tenant in respect to any obligation to Tenant assumed by Purchaser or any advance rental credited to Purchaser. After Seller shall receive notice of a claim that may give rise to an indemnity hereunder, Seller shall notify Purchaser; provided, however, the failure to give any notice shall not relieve Purchaser from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Seller with respect to which Purchaser may have liability under the indemnity agreement contained in this Paragraph 7.(b), the claim may, upon written agreement of Purchaser that it is obligated to indemnify against the particular claim under the indemnity contained herein, be settled by Purchaser with the prior written consent of Seller, which shall not be unreasonably withheld.

(c) Seller agrees not to apply or return any security deposit in whole or in part. At the Closing, Seller shall turn over to Purchaser all Tenant security deposits plus any interest earned thereon for the benefit of Tenant together with an updated Schedule "F". Seller shall indemnify Purchaser for any claims made, suits commenced or judgments entered in connection with the

security deposits for the period through the Closing Date and Purchaser shall indemnify Seller for any claims made, suits commenced or judgments entered into in connection with all security deposits for the period subsequent to the Closing Date.

66. CLOSING.

(a) Closing shall occur at 10:00 a.m. at the offices of Cole, Schotz, Meisel, Forman & Leonard, P.A., Court Plaza North, 25 Main Street, Hackensack, New Jersey, on the date which is fifteen (15) days after satisfaction or waiver of all conditions and contingencies set forth herein, or at such other date, time and/or place as the parties may agree upon; provided,

however, that if such date shall be a Saturday, Sunday or legal holiday, then Closing shall take place on the first business date thereafter (herein referred to as the "Closing" and the "Closing Date" respectively).

(b) At Closing, the following shall be executed and/or delivered:

(i) By Seller:

(A) The Deed [as hereinafter described in subparagraph (c)];

(B) Seller's certification that the representations and warranties set forth in this Agreement are true and accurate as of the Closing;

(C) Seller's affidavit of title, the form and substance of which shall be subject to the reasonable approval of Title Company and Purchaser's attorneys;

(D) Seller's Resolutions;

(E) Bill of Sale and/or assignments if so requested by Purchaser;

(F) The Assignment and Assumption of Leases together with schedules of security deposits paid by Tenants and any applications thereof made by Seller. At Closing, Seller shall pay to Purchaser by separate certified check or allow as a credit against the Purchase Price, the aggregate amount of all security deposits held under Leases;

(G) The original Leases and all amendments, modifications and guarantees thereto, and all brokerage commission agreements;

(H) The Tenant Notice(s) to Tenants;

(I) The Estoppel Certificates;

(J) Certification of non-foreign status in accordance with Internal Revenue Code Section 1445, as amended;

(K) Keys to all doors to, and equipment and utility rooms located in the Property, which keys shall be properly tagged for identification;

(L) An endorsement to all transferable insurance policies,if any, approved by Purchaser, naming Purchaser as the party insured, together with the original of each such policy;

(M) As-built plans and specifications in accordance with the provisions of Paragraph 4 and permanent certificates of occupancy for each building and improvement comprising a part of the Property;

(N) All original licenses and permits pertaining to the Property and required for the use or occupancy thereof together with a duly executed assignment thereof to Purchaser;

(O) True and complete Records;

(P) All Guarantees and Contracts, together with a duly executed assignment thereof to Purchaser;

(Q) ISRA Approval (as hereinafter defined in Paragraph 14.(a) hereof);

(R) Mutually satisfactory closing statement;

(S) The Guaranty in the form of Schedule "R" annexed hereto and made a part hereof;

(T) Such other items to be provided to Purchaser pursuant to this Agreement; and

(U) Such other instruments as reasonably may be required by Purchaser's counsel or the Title Company to effectuate this transaction.

(ii) By Purchaser:

(A) The Purchase Price;

(B) The Assignment and Assumption of Leases;

(C) Tenant Notices to Tenants;

(D) Mutually satisfactory closing statement;

(E) Such other items to be provided to Seller pursuant to this Agreement; and

(F) Such other instruments as reasonably may be required by Seller's counsel to effectuate this transaction.

(c) The deed ("Deed") to be delivered at Closing shall be a Bargain and Sale Deed with covenants against grantors' acts, in proper form for recording so as to convey to Purchaser good, marketable and insurable fee simple title to the Property in accordance herewith.

(d) The words "Closing", "title closing", "Closing of title", "delivery of deed" and words of similar import are used interchangeably in this Agreement, as the sense of text indicates, to mean the event of consummation of this sale in accordance with the terms of this Agreement.

67. CLOSING ADJUSTMENTS.

(a) The following are to be apportioned as of the Closing Date:

(i) real property taxes;

(ii) water rates and charges;

(iii) sewer taxes and rents;

(iv) all base rent payments;

(v) common area and other additional rent charges, if any;

(vi) fuel oil on hand, determined at Seller's cost;

(vii) insurance premiums on transferable policies, if any, approved by Purchaser; and

(viii) annual license, permit and inspection fees, if any, provided that Seller's rights thereunder (or with respect thereto) are transferable to Purchaser.

(b) (i) Apportionment of real property taxes, water rates and charges and sewer taxes and rents shall be made on the basis of the fiscal year for which assessed solely to the extent actually received by Seller from Tenants or actually paid or payable by Seller. If the Closing Date shall occur before any or all of the foregoing are fixed, the apportionment of real property taxes shall be made on the basis of the tax rate for the preceding year applied to the latest assessed valuation. After the final real property taxes, water rates and charges and sewer taxes and rents are fixed, Seller and Purchaser shall make a recalculation of the apportionment of same, and Seller or Purchaser, as the case may be, shall make an appropriate payment to the other based on such recalculation.

(ii) If at the time for the delivery of the Deed, the Premises shall be or shall have been affected by an assessment or assessments (including special and/or added) which are or may become payable in annual installments of which the first installment is then due or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the Deed for the Premises, shall be deemed to be due and payable and to be liens upon such Premises affected thereby and shall be paid and discharged by Seller upon the delivery of the Deed for the Premises. If any assessment with respect to the Premises is unconfirmed at the time of Closing, or if subsequent to Closing any assessment, including special or added, is determined to be incorrect, then, immediately after the amount of the assessment has been established, or the confirmed assessment corrected as a result of a prior error, Seller shall make an appropriate payment to Purchaser within ten (10) days of the tax assessor's calculation of the assessment. Notwithstanding the foregoing, if the tenant(s) of the Premises are obligated under a written lease for the payment of the entire assessment (confirmed and/or unconfirmed), then with respect to such assessment Purchaser shall seek payment from the Tenant(s), and any assessment not otherwise the obligation of the Tenant(s) shall be the obligation of Seller. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligation under this Paragraph 9(b)(ii).

(c) If there shall be any water meters on the Property (other than meters measuring water consumption costs which are the obligation of Tenants to pay), Seller shall furnish readings to a date not more than ten (10) days prior to the Closing Date, and the unfixed water rates and charges and sewer taxes and rents, if any, based thereon for the intervening time, shall be apportioned on the basis of such last readings.

(d) The amount of unpaid taxes, assessments, water charges and sewer rents which Seller is obligated to pay and discharge, with interest and penalties thereon to the fifth (5th) day after the Closing Date, at the option of Seller, may be allowed to Purchaser out of the Purchase Price, provided that official bills therefor with interest and penalties thereon are furnished by Seller at the Closing.

(e) If any refund of real property taxes, water rates and charges or sewer taxes and rents is made after the Closing Date for a period prior to the Closing Date, the same shall be applied first to the costs incurred in obtaining same and second to the refunds due to Tenants by reason of the provisions of their respective Leases. The balance, if any, of such refund shall be paid to Seller (for the period prior to the Closing Date) and Purchaser (for the period commencing with the Closing Date).

(f) To the extent that Seller receives rent payments after the Closing Date for any period from and after the Closing Date, the same shall be held in trust and immediately paid to Purchaser.

(g) All rent payments received by Seller or Purchaser after Closing shall be applied firstly against out-of-pocket costs of collection, then to rents due and owing by such Tenant for the periods from and after Closing and thereafter against rents due and owing prior to Closing in inverse order of due date.

(h) All realty transfer fees and charges (other than recording fees for the Deed) shall be paid by Seller at Closing.

68. RISK OF LOSS.

(a) Seller assumes the risk of loss or damage to the Property beyond ordinary wear and tear until delivery of the Deed to Purchaser and shall notify Purchaser forthwith upon the occurrence of any such casualty ("Casualty Notice"). In the event of any casualty in which the Casualty Threshold (as hereinafter defined) is not established, or in the event of a casualty in which the Casualty Threshold is established and if Purchaser elects to complete the purchase of the Property hereunder, Seller shall restore and repair the damaged Property to its condition immediately preceding such casualty and in accordance with its obligations pursuant to Leases, and without a change in the Purchase Price.

(b) If, prior to the Closing Date, the Property shall be damaged by fire or other casualty and the estimated cost of repair and/or restoration shall exceed twenty-five (25%) percent of the Purchase Price or reasonably shall be estimated to require more than one hundred eighty (180) days to repair or restore (collectively, "Casualty Threshold"), Purchaser may, by notice to Seller, elect to terminate this Agreement. If this Agreement is so terminated, the Letter of Credit forthwith shall be returned to Purchaser. Purchaser shall notify Seller of its decision within sixty (60) days of receipt of the Casualty Notice, which shall include the amount of insurance coverage, the amount of insurance received, if any, the reasonably estimated cost of repairs and the reasonably estimated time in which to complete

said repairs, and the Closing shall be postponed accordingly.

(c) Notwithstanding the foregoing, any proceeds of loss of rent insurance for a casualty occurring prior to the Closing Date, whether received prior to or following the Closing, shall be apportioned as of the Closing Date.

69. CONDEMNATION. In the event that, prior to Closing, all or any portion of the Property shall be condemned or taken as the result of the exercise of the power of eminent domain, or by deed in lieu thereof (collectively, a "Taking"), or if such proceedings shall have commenced or shall be threatened, Seller promptly shall notify Purchaser ("Taking Notice"). Purchaser, in its sole judgment, shall notify Seller within sixty (60) days following receipt of the Taking Notice, that: (1) the remaining portion of the Property is not suitable or economically viable for its intended use of the Property, in which event Purchaser may terminate this Agreement; or (2) the remaining portion of the Property is suitable and economically viable for its intended use, in which event Closing shall proceed and Purchaser and Seller shall have the right to participate jointly in the condemnation proceedings and the proceeds thereof shall belong to Seller, but Purchaser shall be entitled to a credit against the Purchase Price in an amount equal to said proceeds, unless such condemnation proceedings shall be pending on the Closing Date, in which event there shall not be any credit and at Closing, Seller shall assign all its right, title and interest in and to said proceedings and award to Purchaser.

70. APPROVALS FOR TRANSFER. In the event that any Governmental Authority shall have an ordinance, law, rule, regulation or other requirement requiring a new Certificate of Occupancy or other governmental authorization to be issued in connection with the transfer of title to the Property, or in the event that on the Closing Date there is any such requirement, then and in any of such events, Seller shall use its best efforts, at its sole cost and expense, to obtain and deliver to Purchaser, the Certificate of Occupancy or other governmental authorization.

71. DUE DILIGENCE PERIOD.

(a) Through the period ending on the date which is forty-five (45) days from the date of this Agreement (the "Due Diligence Period"), Purchaser may perform, or cause to be performed, tests, investigations and studies of or related to the Property, including, but not limited to, soil tests and borings, ground water tests and investigations, percolation tests, surveys, architectural, engineering, subdivision, environmental, access, development studies and such other tests, investigations or studies as Purchaser, in its sole discretion, determines is necessary or desirable in connection with the Property and may inspect the physical (including environmental) and financial condition of the Property, including but not limited to the Leases, Contracts, engineering and environmental reports, development approval agreements, permits and approvals. Purchaser shall repair and restore any portion of the surface of

the Property disturbed by Purchaser, its agents, representatives or contractors during the conduct of any tests and studies to substantially the same condition as existed prior to such disturbance. Such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of the breach of any representation, warranty, covenant or agreement of Seller which might, or should, have been disclosed by such inspection.

(b) During the Due Diligence Period, Purchaser, its agents, representatives and contractors, shall have unlimited access to the Property and other information pertaining thereto in the possession or within the control of Seller for the purpose of performing such studies,tests, borings, investigations and inspections for the purposes described in this Paragraph. Seller shall cooperate with Purchaser in facilitating its due diligence inquiry and shall obtain, and use its best reasonable efforts to obtain, any consents that may be necessary in order for Purchaser to perform same. In addition, Seller will deliver to Purchaser promptly after request, true and complete copies of all test borings, Environmental Documents, surveys, title materials and engineering and architectural data and the like relating to the Property that are in Seller's possession or under its control. In the event any additional materials or information comes within Seller's possession or control after the date of this Agreement, Seller promptly shall submit true and complete copies of the same to Purchaser. Seller shall notify Purchaser of any dangerous conditions on the Property, including, without limitation,

conditions which due to the nature of the borings, studies, investigations, inspections or testing to be performed by or on behalf of Purchaser may pose a dangerous condition to Purchaser or Purchaser's agents, representatives or

contractors.

(c) Purchaser shall obtain, or cause its contractors, agents and representatives to obtain, liability insurance in an amount equal to One Million ($1,000,000.00) Dollars on a per occurrence and aggregate basis on account of personal injury to one or more persons and property damage with respect to Purchaser's activities and entry onto the Property. Upon request of Seller, the policy shall name Seller as an additional insured. In addition, Purchaser agrees to indemnify and hold Seller harmless from any damage or injury to persons or property arising out of or in connection with Purchaser or its contractors, agents or representatives entering upon the Property.

(d) Purchaser may terminate this Agreement for any reason or for no reason by notice to Seller given within the Due Diligence Period. In the event Purchaser terminates this Agreement during the Due Diligence Period, this Agreement shall be null and void, the Letter of Credit forthwith shall be returned to Purchaser, copies of any reports or studies prepared by third parties as part of Purchaser's investigations during the Due Diligence Period (if expressly permitted by such third party), shall be delivered to Seller (except, if this Agreement is terminated as a result of Seller's breach hereof). In the event Purchaser does not terminate this Agreement by the end of

the Due Diligence Period, Purchaser shall be deemed to have elected not to terminate this Agreement.

72. ENVIRONMENTAL PROVISIONS.

(a) Notwithstanding anything to the contrary contained in this Agreement, the obligation of Purchaser to pay the Purchase Price and otherwise proceed to Closing shall be subject to the condition, that Seller obtain from the Element, (as hereinafter defined in Paragraph 14.(e)(iii) hereof) pursuant to ISRA (as hereinafter defined in Paragraph 14.(e)(i) hereof), and deliver to Purchaser, at least five (5) days prior to Closing (the "ISRA Compliance Date"), together with all submissions upon which any one or more of the following is based, either:

(i) a Letter of Non-Applicability;
(ii) a de minimis quantity exemption;
(iii) an unconditional approval of a Negative Declaration; or
(iv) an unconditional No Further Action Letter;

(collectively the "ISRA Approval") for which Seller shall apply promptly. In no event shall an ISRA Approval involve any engineering or institutional controls, including without limitation, capping, deed notice, declaration of environmental restriction or other institutional control notice pursuant to P.L. 1993 c. 139, a groundwater classification exception area or a well restriction area. If the requirements of this Paragraph 14.(a) are not satisfied on or before the ISRA Compliance Date, Purchaser thereafter shall have the right, by notice to Seller,

to extend the ISRA Compliance Date or to terminate this Agreement, in which latter event this Agreement shall be rendered null and void and of no further force or effect, Seller shall refund to Purchaser all charges made for title examination, municipal searches and survey fees, the Letter of Credit forthwith shall be returned to Purchaser and neither party shall have further liability or obligation to the other under or by virtue of this Agreement.

(b) Contemporaneously with the execution of this Agreement, and subsequently promptly upon receipt by Seller or its representatives, Seller shall deliver to Purchaser: (i) all Environmental Documents concerning the Property generated by or on behalf of predecessors in title or former occupants of the Property to the extent in Seller's possession or control; (ii) all Environmental Documents concerning the Property generated by or on behalf of Seller, whether currently or hereafter existing; (iii) all Environmental Documents concerning the Property generated by or on behalf of current or future occupants of the Property to the extent in Seller's possession or control, whether currently or hereafter existing; and (iv) a description of all known operations, past and present, undertaken at the Property and existing maps, diagrams and other documentation to the extent in Seller's possession or control designating the location of past and present operations at the Property and past and present storage of Contaminants above or below ground, on, under, at, emanating from or affecting the Property or its environs.

(c) Seller shall notify Purchaser in advance of all meetings scheduled between Seller or its representatives and NJDEP, and Purchaser and/or its representatives shall have the right, without obligation, to attend and participate in all such meetings.

(d) Seller shall indemnify, defend and hold harmless Purchaser from and against any and all claims, liabilities, losses, deficiencies, damages, interest, penalties and costs, foreseen or unforeseen including, without limitation, reasonable counsel, engineering and other professional or expert fees, which Purchaser may incur, by reason of or resulting directly or indirectly, wholly or partly, from any breach, inaccuracy, incompleteness or nonfulfillment of any representation, warranty, covenant or agreement herein by Seller, or by reason of Seller's actions or non-action with regard to any of Seller's obligations pursuant to this Paragraph 14.

(e) The following terms shall have the following meanings when used in this Agreement:

(i) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous substance, hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the New Jersey Environmental Rights

Act, N.J.S.A. 2A:35A-1 et seq.; the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq. (the "Spill Act"); the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 et seq.; the Hazardous Substances Discharge: Reports and Notices

Act, N.J.S.A. 13:1K-15 et seq.; the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. ("ISRA"); the "Tanks Laws" as hereinafter defined in Paragraph 14.(e)(x) hereof; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq. ("RCRA"); the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. ss.1251 et seq.; together with any amendments thereto, regulations promulgated thereunder and all substitutions thereof, as well as words of similar purport or meaning referred to in any other applicable federal, state, county or municipal environmental statute, ordinance, code, rule or regulation, including, without limitation, radon, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives. Where a statute, ordinance, code, rule or regulation defines any of these terms more broadly than another, the broader definition shall apply.

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

(iii) "Element" shall mean the Industrial Site Evaluation Element or its successor of the NJDEP.

(iv) "Environmental Documents" shall mean all

environmental documentation in the possession or under the control of Seller concerning the Property, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

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

(vi) "Governmental Authority" shall mean the federal, state, county or municipal government, or any department, agency, bureau, board, commission, office or other body obtaining authority therefrom, or created pursuant to any law.

(vii) "Major Facility" is as defined in the Spill Act.

(viii) "NJDEP" shall mean the New Jersey

Department of Environmental Protection or its successor.

(ix) "Notice" shall mean, in addition to its ordinary meaning, any written communication of any nature, whether in the form of correspondence, memoranda, order, directive or otherwise.

(x) "Tank Laws" shall mean the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq., and the federal underground storage tank law (Subtitle I) of RCRA, together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

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

(f) Seller covenants and agrees that between the date hereof and the Closing Date it shall perform or observe the following:

(i) Promptly notify Purchaser of, and promptly deliver to Purchaser, a certified true and complete copy of any Notice Seller may receive, on or before the Closing Date, from any Governmental Authority, concerning a violation of Environmental Laws or Discharge of Contaminants;

(ii) At its own cost and expense, be responsible

for the remediation of all Contaminants existing on, under, at emanating from or affecting the Property as of the date of Closing, in violation of Environmental Laws, regardless of the date of discovery, notwithstanding anything to the contrary set forth herein. In no event shall Seller's remediation involve any engineering or institutional controls, including, without limitation, capping, a deed notice, a declaration of environmental restrictions or other institutional control notice pursuant to P.L. 1993, c. 139, or a groundwater classification exception area or well restriction area. Any such remediation and associated activities shall be undertaken pursuant to a right of access agreement reasonably acceptable to Purchaser;

(iii) Contemporaneously with the signing and

delivery of this Agreement, and subsequently, promptly upon receipt by Seller or its representatives, deliver to Purchaser a certified true and complete copy of all Environmental Documents.

73. CONDITIONS TO CLOSING. In addition to other conditions set forth in this Agreement, Purchaser's obligation to close title to the Property is expressly conditioned upon and subject to the occurrence of all of the following:

(a) Seller shall have completed subdivision of the Land in the configuration set forth on Schedule "A-1", all requisite governmental approvals shall have been obtained, and all conditions to subdivision shall have been satisfied including, without limitation, the filing in the public records of the subdivision plat;

(b) Substantial Completion (as hereinafter defined) of all work set forth in the Plans and Specifications, including all tenant improvement work required under the Lease (including change orders);

(c) Tenant has accepted delivery of possession of the Property pursuant to the terms and conditions of the Lease;

(d) A final, unconditional Certificate of Occupancy permitting occupancy of the Property for Tenant's use has been issued by all Governmental Authorities having jurisdiction;

(e) Tenant has delivered the security deposit and has commenced the payment of rent required to be paid pursuant to the terms and conditions of the Lease;

(f) Tenant shall have delivered the Estoppel Certificate;

(g) Written certification of McGarvey Construction Co., Inc. that the work has been fully completed in accordance with the Plans and Specifications (or in accordance with the Plans and Specifications as amended after the date hereof provided any such amendments have been approved in writing by Purchaser), the provisions hereof and all legal requirements, and that all necessary certificates and approvals required to be obtained from any Governmental Authority having jurisdiction over the Property have been obtained;

(h) Receipt of an absolute unconditional waiver of liens from all contractors and subcontractors for all work performed at the Property; and

(i) All contractors and subcontractors have been paid in full for performance of work at the Property.

The term "Substantial Completion" as used herein shall mean that only so-called "punch list" items of work which shall be limited to such unfinished minor items which, when considered as a whole, do not materially adversely affect Tenant's occupancy of the Property, and otherwise are permitted pursuant to the terms of the Lease. Seller covenants and agrees to fully complete any punch list items not later than the date which is twenty (20) days after Seller receives notification thereof or within the time period set forth in the Lease.

74. NOTICES.

(a) Any notice, request, consent, approval or demand ("notice") which, pursuant to the provisions of this Agreement or otherwise, must or may be given or made by either party hereto to the other, shall be in writing and shall be given by such party or its attorney and shall be delivered by personal delivery, by mailing same via certified mail, return receipt requested, postage prepaid, in a United States Post Office depository, by delivery to a postal or private expedited form of delivery service, or telecopied to the intended recipient at the telecopy number set forth therefor below (with hard copy to follow), addressed to Purchaser at its address set forth in the heading to this Agreement, Attention: Roger Thomas, Esq., (fax 908-272- 6755), with a copy given in the aforesaid manner to Cole, Schotz, Meisel, Forman & Leonard, P.A., Court Plaza North, 25 Main

Street, P.O. Box 800, Hackensack, New Jersey 07602-0800, Attention: Richard W. Abramson, Esq., (fax 201-489-1536), and to Seller to William Price (fax 609-235-3043) at the address set forth in the heading to this Agreement with a copy given in the aforesaid manner to Archer & Greiner, One Centennial Square, Haddonfield, New Jersey 08033, Attention: Gary L. Green, Esq., (fax 609-795-0574).

(b) Notice shall be deemed delivered on the day of personal delivery, on the day telecopied, on the first business day following deposit with the overnight carrier or on the second business day following deposit in the Post Office depository, as the case may be.

(c) Either party may designate a different person or address by notice to the other party given in accordance herewith.

75. BROKER. Each party represents and warrants to the other party that it dealt with no broker or other person entitled to claim fees for such services in connection with the negotiation, execution and delivery of this Agreement, other than Jackson Cross (hereinafter referred to as the "Broker"). Seller agree to pay Broker pursuant to a separate agreement with Broker, which agreement shall provide, inter alia, that Broker shall not have any claim whatsoever for commissions or other fees against Purchaser whether or not Closing shall occur, including failure to close due to the default of Purchaser hereunder. Based upon the aforesaid representations, warranties and covenants, each

party agrees to defend, indemnify and hold the other party harmless from and against any and all claims for finders' fees or brokerage or other commission which at any time may be asserted against the indemnified party, including any claim by Broker against Purchaser, founded upon a claim that the substance of

the aforesaid representations of the indemnifying party is untrue. Such indemnification shall include, but not be limited to, all commission claims, as well as all costs, expenditures, legal fees and expert fees reasonably incurred in defending any claim of any third party. In the event that by settlement or otherwise, any monies or other consideration is awarded to or turned over to any third party as a result of a commission claim, it is the intention of the parties hereto that the indemnifying party shall be solely responsible therefor.

76. DEFAULT.

(a) If Purchaser shall default in the payment of the Purchase Price or otherwise shall default in the performance of any of its other obligations pursuant to this Agreement, Seller, as its sole and exclusive remedy, shall be entitled to receive, as liquidated damages and not as a penalty, the Letter of Credit and the right to convert same to cash, it being acknowledged that the actual damages which may be suffered by Seller in the event of any default by Purchaser shall be difficult to ascertain, plus the costs and expenses set forth in subparagraph (c) below. If the Letter of Credit is converted to cash, Seller shall be entitled to receive any interest earned on such cash.

(b) If Seller shall default in any of its obligations hereunder, Purchaser shall have the right to (i) terminate this Agreement by notice to Seller, in which event the Letter of Credit shall be returned to Purchaser, and obtain from Seller damages suffered by Purchaser plus the costs and expenses set forth in subparagraph (c) below, or (ii) seek specific performance by Seller of Seller's obligations hereunder, and if Purchaser is successful, in addition obtain from Seller the costs and expenses set forth in (c) below together with damages suffered by Purchaser.

(c) In the event of litigation arising out of this Agreement, the prevailing party shall be entitled to recover from the losing party, costs and expenses incurred by the prevailing party, including reasonable legal fees and disbursements.

77. SURVIVAL. It is agreed that all of the terms, agreements, covenants, promises, provisions, indemnifications, representations and warranties set forth herein shall, except as otherwise specifically set forth in this Agreement, survive Closing and delivery of the Deed.

78. INDEMNITY.

(a) Seller agrees to indemnify, defend and save harmless Purchaser and its respective representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraph 6.(e), resulting from the breach or default of any covenant,

provision, representation or warranty of Seller including all reasonable costs and expenses incurred by Purchaser in the enforcement of this Paragraph, or (ii) imposed upon or incurred by Purchaser, or allegedly due by Purchaser, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, the Property, or by reason of any event or occurrence on, or relating to, the Property which occurred, accrued or related to an event occurring at any time prior to the Closing Date.

(b) Purchaser agrees to indemnify, defend and save harmless Seller and its representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraphs 6.(e) and 18, resulting from the breach or default of any covenant, provision, representation or warranty of Purchaser or (ii) imposed upon or incurred by Seller, or allegedly due by Seller, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, the Property, or by reason of any event or occurrence on, or relating to, the Property which occurred, accrued or related to an event occurring at any time after the Closing Date.

79. ASSIGNMENT. This Agreement may not be assigned by Purchaser, without the consent of Seller (which consent shall not be unreasonably withheld, delayed or conditioned), except that no such consent shall be required with respect to an assignment to

any affiliate of Purchaser. Upon such assignment, Purchaser named herein shall be relieved of any further liability for any of the terms, promises and conditions of this Agreement on its part to be performed hereunder.

80. CROSS DEFAULT. Simultaneously with the execution and delivery of this Agreement, Purchaser has entered into a certain Agreement of Sale with Seller and certain affiliates of Seller (the "Agreement of Sale") relating to certain property more particularly described on Schedule "T"; and a certain agreement with an affiliate of Seller (the "Development Agreement") relating to certain property located in Moorestown, New Jersey as more particularly described in the Development Agreement. This Agreement and the obligations of the parties hereunder are subject to performance by the respective parties to the Development Agreement and/or the Agreement of Sale of their respective obligations which are required to be performed prior to the Closing Date in accordance with the terms thereof. If Seller or its related entities default in their obligations under the Agreement of Sale and/or the Development Agreement, Purchaser shall have the right to proceed with the purchase of the Property, to declare a default hereunder, and/or to terminate this Agreement. If Purchaser shall default in its obligations under the Development Agreement and/or the Agreement of Sale, Seller shall have the right to declare a default hereunder.

81. ESCROW AGENT.

(a) The Letter of Credit shall be held in escrow by Escrow Agent and released on the terms hereinafter set forth.

(b) If Escrow Agent receives notice from Purchaser or Purchaser's attorney that Purchaser has terminated this Agreement pursuant to Paragraph 5 or 13 hereof, Escrow Agent shall immediately return the Letter of Credit to Purchaser without application of Paragraph 23(f), (h) and (i);

(c) At the Closing, Escrow Agent shall deliver the Letter of Credit to Purchaser.

(d) Any notice(s) to and from Escrow Agent shall be given in accordance with Paragraph 16 hereof.

(e) If Escrow Agent receives a notice signed by Seller or Seller's attorney stating that Purchaser has defaulted in the performance of its obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Purchaser. If Escrow Agent shall not have received notice of objection from Purchaser within ten (10) days after Escrow Agent has delivered such notice, Escrow Agent shall deliver the Letter of Credit to Seller. If Escrow Agent shall receive a timely notice of objection from Purchaser as aforesaid, Escrow Agent promptly shall forward a copy thereof to Seller.

(f) If Escrow Agent receives a notice signed by Purchaser or Purchaser's attorney stating that this Agreement has been canceled or terminated and that Purchaser is entitled to the Letter of Credit, or that Seller has defaulted in the performance

of its obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Seller. If Escrow Agent shall not have received notice of objection from Seller within ten (10) days after Escrow Agent has delivered such notice, Escrow Agent shall deliver the Letter of Credit to Purchaser. If Escrow Agent shall receive a timely notice of objection from Seller as aforesaid, Escrow Agent promptly shall forward a copy thereof to Purchaser.

(g) If Escrow Agent receives notice from either party authorizing delivery of the Letter of Credit to the other party, Escrow Agent shall deliver the Letter of Credit in accordance with such instructions.

(h) If Escrow Agent receives a notice of objection as aforesaid, Escrow Agent shall convert the Letter of Credit to cash and hold such proceeds in an interest bearing FDIC insured bank in New Jersey until Escrow Agent receives either: (i) a notice signed by both Seller and Purchaser stating who is entitled to the Letter of Credit; or (ii) a final order of a court of competent jurisdiction directing disbursement in a specific manner, in either of which events Escrow Agent shall deliver the Letter of Credit in accordance herewith or in accordance with such notice or order. Escrow Agent shall not be or become liable in any way or to any person for its refusal to comply with any requests or demands until and unless it has received a direction of the nature described in (i) or (ii) above.

(i) Notwithstanding the foregoing provisions of Subparagraph (g) above, if Escrow Agent shall have received a notice of objection as aforesaid, or shall have received at any time before actual delivery of the Letter of Credit, a notice signed by either Seller or Purchaser advising that litigation between Seller and Purchaser over entitlement to the Letter of Credit has been commenced, Escrow Agent shall have the right, upon notice to both Seller and Purchaser to deposit the Letter of Credit with the Clerk of the Court in which any litigation is pending, whereupon Escrow Agent shall be released of and from all liability hereunder except for any previous gross negligence or willful default.

(j) Escrow Agent shall not be liable for any error or judgment or for any act done or omitted by it in good faith, or for any mistake of fact or law, and is released and exculpated from all liability hereunder except for willful misconduct or gross negligence.

(k) Escrow Agent's obligations hereunder shall be as a depositary only, and Escrow Agent shall not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any notice, instructions or other instrument furnished to it or deposited with it, or for the form of execution of any thereof, or for the identity or authority of any person depositing or furnishing same.

(l) Escrow Agent shall not have any duties or responsibilities except those set forth in this Agreement and

shall not incur any liability in acting upon any signature, notice, request, waiver, consent, receipt or other paper or document believed by it to be genuine, and Escrow Agent may assume that any person purporting to give any notice or advice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so.

(m) Escrow Agent shall be entitled to consult with counsel in connection with its duties hereunder, including attorneys at its firm. The parties shall reimburse Escrow Agent, jointly and severally, for all costs and expenses incurred by Escrow Agent in performing its duties as Escrow Agent including, but not limited to, reasonable attorneys' fees (either paid to retained attorneys or amounts representing the fair value of services rendered to itself).

(n) The terms and provisions of this Paragraph shall create no right in any person, firm or corporation other than the parties hereto and their respective successors or assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

(o) In the event of any dispute, disagreement or suit between

Seller and Purchaser, whether pertaining to the Letter of Credit, this Agreement or otherwise, Escrow Agent shall have the right to represent or otherwise serve as attorneys for Seller.

(p) Escrow Agent is designated the "real estate reporting person" for purposes of Section 6045 of Title 26 of the United States Code and Treasury Regulation 1.6045-4 and any

instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation.

(q) The applicable provisions of this Paragraph shall survive the Closing or termination of this Agreement.

82. MISCELLANEOUS.

(a) This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective heirs, successors, legal representatives and assigns.

(b) This Agreement may be executed in one or more counterparts, each of which when so executed and delivered by each party to the other shall be deemed an original, but all of which when taken together shall constitute but one and the same instrument.

(c) At any time or from time to time, upon written request of the other party, each party shall execute and deliver all such further documents and do all such other acts and things as reasonably may be required to confirm or consummate the within transaction.

(d) The captions preceding the paragraphs of this Agreement are intended only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(e) This Agreement constitutes the entire agreement

between the parties hereto with respect to the subject matter hereof. No variations or modifications of or amendments to the terms of this Agreement shall be binding unless in writing and signed by the parties hereto. The respective attorneys for each party are authorized to modify any dates or time periods set forth herein.

(f) The terms, conditions, covenants and provisions of this Agreement shall be deemed to be severable except with respect to any provision relating to the Purchase Price. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, the same shall be deemed to be severable and shall not affect the validity of any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect.

(g) The obligations of each party to complete the transaction contemplated hereby is subject to the satisfaction, as of Closing, of all of the terms, conditions and obligations to be met and/or performed by the other party or which otherwise are for the benefit of such party, any of which conditions and/or obligations may be waived in whole or in part by the party which is the beneficiary of such condition or obligation.

(h) Each party, at its sole cost and expense, shall have the right to record a short form memorandum of this Agreement, which memorandum shall not set forth the Purchase Price or terms of payment, and each party agrees to execute any

such short form memorandum upon the request of the other party.

(i) As used in this Agreement, the masculine gender shall include the feminine or neuter genders and the neuter gender shall include the masculine or feminine genders, the singular shall include the plural and the plural shall include the singular, wherever appropriate to the context.

(j) This Agreement shall be governed by and enforced in accordance with the substantive laws of the State of New Jersey.

83. GUARANTY.

(a) William G. Price, Jr. and John S. McGarvey (collectively, "Guarantors") hereby, jointly and severally, guarantee to Purchaser, its successors and assigns, the full, due and timely completion of construction of all Improvements in the manner required by the Plans and Specifications and in accordance with the provisions of this Agreement, including any modifications or amendments hereto, without any further writing, and the costs for enforcing this Guaranty (collectively, the "Obligations").

(b) This is a guaranty of payment and performance and not of collection. The obligations of Guarantors hereunder are independent of the obligations of Seller, and a separate action or actions may be brought and prosecuted against Guarantors, regardless whether action is brought against Seller or whether Seller is joined in any such action or actions.

(c) Guarantors agree that the obligations of

Guarantors under this Paragraph 25 are primary, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Agreement or any instrument referred to herein, or any substitution, release or exchange of any other guaranty of or security for the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever (including, without limitation, personal defenses of Seller) which might otherwise constitute a legal or equitable discharge or defense of a surety, guarantor or co-obligor, it

being the intent of this Paragraph 25 that the obligations of Guarantors hereunder shall be primary, absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more the following shall not alter or impair the liability of Guarantors hereunder:

(i) at any time or from time to time, without notice to or consent of Guarantors, the time for any performance of or compliance with the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any modification of or amendment to the Agreement;

(iii) the existence of any claim, set-off or other right which Guarantors may have at any time against Purchaser, Seller or any other person or entity, whether in connection herewith or with any unrelated transaction;

(iv) any of the acts required or contemplated in any of the provisions of the Agreement or other instruments referred herein shall be done or omitted;

(v) the maturity of any of the Obligations shall be accelerated or extended, or any of the Obligations shall be modified, supplemented or amended in any respect or any right under the Agreement or other instruments referred to herein shall be waived or extended or any other guaranty of the Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(vi) Purchaser releases or substitutes any one or more of any Seller, endorses or guarantors of the Obligations;

(vii) any of the Obligations shall be determined to be void or voidable or shall be subordinated to the claims of any person; or

(viii) there shall be occur any insolvency, bankruptcy, reorganization or dissolution of Seller or other guarantor.

With respect to their obligations hereunder, Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever and any requirement that Purchaser exhaust any right, power or remedy or proceed against any person under the Agreement or other instruments referred to herein, or against any collateral or other person under any other guaranty of, or security for, or obligation relating to, any of the Obligations.

(d) The obligations of Guarantors under this Paragraph 25 shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of any persons in respect of the Obligations is rescinded or must be otherwise restored by Purchaser or any other holder or recipient of payment or performance of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and Guarantors agree that they will pay to Purchaser on demand all reasonable out-of-pocket costs and expenses (including, without limitation, fees of counsel) incurred by Purchaser in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

(e) Without limiting the generality of the provisions of this Paragraph 25, Guarantors hereby specifically waive: (a) promptness, diligence, notice of acceptance and any other notice with respect to the Obligations; (b) any requirement that Purchaser protect, secure or insure any lien or any property subject thereto or exhaust any right or take any action against Seller or any collateral or undertake any marshalling of assets; (c) the right to direct the order of enforcement or remedies, (d) any defense arising by reason of any claim or defense based upon an election of remedies by Purchaser which in any manner impairs, reduces, releases or otherwise adversely affects its subrogating,

contribution or reimbursement rights or other rights to proceed against Sellers or any collateral; (e) any duty on the part of Purchaser to disclose to Guarantors any matter, fact or thing relating to the business, operation or condition of the Property or Seller and its assets now known or hereafter known by Purchaser; and (f) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of the guaranty provided for in this Paragraph 25 and the existence, creation or incurrence of new or additional indebtedness.

84. ROLLBACK TAXES. Any "rollback taxes" assessed or to be assessed against the Premises pursuant to the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1, et seq., shall be paid by Seller. If rollback taxes will be due with respect to the Premises but are not assessed at the Closing Date, a good-faith estimate of the amount of same shall be obtained by the parties from the tax assessor of the Township of Moorestown, at least twenty-four (24) hours prior to Closing, and Seller shall pay one hundred twenty-five (125%) percent of the amount of said estimate from the proceeds at Closing into escrow to be held by the Title Company until such time as the rollback tax assessment against the Premises is made. Upon Title Company's receipt of notice from Purchaser that said rollback taxes have been assessed against the Premises, Title Company shall, within three (3) business days thereof, pay said taxes to the Township of Moorestown. In the event the amount of the monies being held in

escrow by Title Company are not sufficient to cover payment of said rollback taxes, then Seller shall promptly pay to Purchaser any additional monies that are due and payable by Seller in accordance with the terms and provisions of this Paragraph; and in the event the amount of the escrow monies are in excess of the amount of said rollback taxes, then Title Company shall disburse the remaining balance of the escrow funds to Seller after the amount of the escrow monies due to Purchaser have been disbursed to the Township of Moorestown, in accordance with the terms and provisions of the immediately proceeding sentence. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligations under this Paragraph 26.

85. SELLER'S RIGHT TO EXCHANGE PROPERTY.

(a) (i) Seller shall have the right, exercisable at least five (5) days prior to Closing, to elect to exchange the Property for other property of like kind ("Exchange Property") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended.

(ii) If Seller elects to effect any exchange, it shall notify Purchaser as to all details thereof, and Purchaser shall execute a contract to purchase the Exchange Property in a form satisfactory to Seller (hereinafter called the "Exchange Contract"), and immediately thereafter shall assign all of its right, title and interest in and to the Exchange Contract to the

Exchange Escrow Agent, as hereinafter defined. The funds required to pay the deposit under the Exchange Contract shall be provided to Purchaser by Seller or Exchange Escrow Agent. The Exchange Contract shall provide for the right of assignment by Purchaser to Exchange Escrow Agent and/or Seller without recourse, and that the seller of the Exchange Property shall look only to the deposit monies thereunder as liquidated damages, there being no liability on the part of Purchaser to said seller. Purchaser shall not be obligated to execute an Exchange Contract which would require Purchaser to be personally liable on any indebtedness or to incur any cost or expense which would increase Purchaser's liability beyond that liability incurred by Purchaser hereunder.

(iii) In no event, however, shall the closing of title to the Property be delayed due to the inability of Seller to select an Exchange Property or close title thereto.

(b) (i) If Seller shall elect to exchange the Property pursuant to this Paragraph, whether or not an Exchange Property has been designated, as herein set forth, the Purchase Price, exclusive of the satisfaction of liens, payment of closing costs and other permitted expenses, shall be deposited with the Exchange Escrow Agent ("Escrow Account"), subject to the Exchange Escrow Agent executing an agreement reasonably satisfactory to Purchaser whereby Exchange Escrow Agent agrees to be bound by the terms and conditions of this Paragraph 27, and shall not be paid to Seller at Closing. The Escrow Account shall be held by

Exchange Escrow Agent in an interest bearing account, pursuant to the terms hereof. The interest earned upon the Escrow Account while being held by Exchange Escrow Agent shall be added to the Escrow Account and shall be paid to Seller at the closing of the Exchange Property.

(ii) Purchaser appoints its title insurance company or such other title insurance company or other entity as Purchaser reasonably may designate, its agent, in order to effectuate the Exchange (the "Exchange Escrow Agent"). Purchaser and Seller shall cooperate with each other and Exchange Escrow Agent and promptly shall sign and deliver to Exchange Escrow Agent all documents reasonably deemed necessary by Seller in order to qualify this transaction pursuant to Internal Revenue Code Section 1031.

(iii) Seller shall pay all fees relating to the Escrow Account, and all reasonable attorneys' fees and expenses of Purchaser, if any, relating to the exchange transaction and in no event shall Purchaser be required to assume any liability thereunder.

(iv) During the period that the Escrow Account is in existence, Seller shall not have any control, directly or indirectly, over the funds placed in the Escrow Account, except as may be expressly provided herein.

(v) If, at the time of Closing, Seller shall not have designated the Exchange Property, then if within forty-five (45) days following Closing, Seller shall deliver to Purchaser

and to Exchange Escrow Agent a designation of an Exchange Property which Seller desires to acquire by way of exchange for the Property transferred to Purchaser at Closing ("Designation"), the parties shall proceed as provided for herein. If there is no timely Designation, then Exchange Escrow Agent, on the forty-sixth (46th) day after Closing (or, if such day is a Saturday, Sunday or legal holiday, on the first business day thereafter) shall disburse to Seller the Escrow Account and all interest earned thereon shall be paid to Purchaser.

(vi) Any Designation of an Exchange Property shall include an Exchange Contract, or thereafter Seller shall provide Purchaser with an Exchange Contract, which Exchange Contract comply with the terms set forth in Subparagraph 27.(a). The parties acknowledge that there may be multiple Exchange Properties and that multiple Designations may be delivered, provided that each meets the conditions set forth herein and the requirements of the Internal Revenue Code Section 1031 and regulations thereunder.

(vii) Upon receipt by Purchaser of an Exchange

Contract, it shall execute and deliver the Exchange Contract to the seller of the Exchange Property ("Exchange Seller"), Seller and Exchange Escrow Agent. Thereafter, Purchaser shall assign its interest in the Exchange Contract to Exchange Escrow Agent, it being agreed that Purchaser shall not take title to any Exchange Property.

(viii) Upon Purchaser executing any Exchange Contract, and in accordance therewith, Exchange Escrow Agent shall pay from the Escrow Account to Exchange Seller, or such other party as is provided for in the Exchange Contract, the amount of the deposit and all other monies required under the Exchange Contract or otherwise related to the transaction.

(ix) Exchange Escrow Agent shall not be liable to either Seller or Purchaser in connection with its performance as Exchange Escrow Agent, except in the event of intentional wrongdoing or negligence. Exchange Escrow Agent is authorized only to do those acts necessary and proper to effect the purpose of this Agreement.

(x) The Exchange Escrow Agent shall use the Escrow Account, for payment of the deposit and all other payments due under the Exchange Contract to purchase the Exchange Property, plus closing costs, and for no other purpose.

(xi) If the payment for the Exchange Property shall exceed the amount of the Escrow Account, Seller either shall: (i) deposit an amount equal to such excess with Exchange Escrow Agent no later than the day of the Exchange Property Closing; or (ii) cause or direct that the funds necessary to effectuate the Exchange Property Closing be paid directly to Exchange Seller at the Exchange Property Closing.

(xii) At the Exchange Property Closing, the following shall be deposited or caused to be deposited with Exchange Escrow Agent: (i) a deed for the Exchange Property from Exchange Seller as grantor to Seller, as grantee; and (ii) any other documents or agreements necessary or incidental to the acquisition or conveyance of the Exchange Property.

(xiii) When all documents and funds called for herein have been deposited with Exchange Escrow Agent and when a title policy can be issued on the Exchange Property to Seller, subject only to title exceptions approved by Seller, Exchange Escrow Agent shall record the deed, disburse the funds and deliver all other documents to Seller. All expenses, reimbursements and prorations in connection with the Exchange Property shall be governed by the provisions of the Exchange Contract, except as expressly set forth herein.

(xiv) Purchaser makes no warranty with respect to the Exchange Property and Seller assumes all responsibility for title to the Exchange Property being good and marketable. Seller agrees to indemnify Purchaser and hold Purchaser harmless from any damages, liability, costs, expenses, claims, losses or demands (including reasonable attorneys' fees and costs of litigation including those for enforcing this indemnity), arising out of or in any way related to the acquisition of the Exchange Property. If the Exchange Property is subject to any mortgage, deed of trust or lease, Purchaser shall assume no liability or obligation with respect to said mortgage, deed of trust or lease. Purchaser makes no representations as to the tax consequences of any aspect of this transaction.

(xv) If the Exchange Property as may be designated by Seller is not conveyed to Seller within the earlier of: (i) one hundred eighty (180) days after Closing; or (ii) the due date (determined with regard to extensions) of Seller's federal income tax return for the taxable year in which the transfer of the Property occurs or if no Exchange Property is designated within forty-five (45) days following Closing, then the Escrow Account shall be released to Seller, free of the escrow, and the obligations of Purchaser and Exchange Escrow Agent shall end. Notwithstanding failure of the Exchange Property to be conveyed to Seller as hereinabove set forth, the transfer of the Property to Purchaser shall not be subject to recession or revocation by Seller or Purchaser for any reason whatsoever.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals or caused these presents to be signed and sealed by duly authorized persons the day and year first above written.

SELLER:

WITNESS:

LANCER ASSOCIATES, L.L.C.

_____

By:_____
Name:_____
Title:_____

PURCHASER:

ATTEST:

MACK-CALI REALTY, L.P.

By: MACK-CALI REALTY CORPORATION, its general partner

_____ By:_____
Name:_____
Title:_____

AS TO PARAGRAPH 23:

WITNESS or ATTEST: ARCHER & GREINER (Escrow Agent)

_____ By:_____

AS TO PARAGRAPH 25:

WITNESSES:

_____ _____
WILLIAM G. PRICE, JR.

_____ _____
JOHN S. MCGARVEY

EXHIBIT NO. 10.133

LOAN MODIFICATION AND ASSUMPTION AGREEMENT

This Loan Modification and Assumption Agreement is made this 30th day of January, 1998 by and among JOHN S. MCGARVEY and JOANNE H. MCGARVEY (collectively, "McGarveys"), MACK-CALI REALTY, L.P., a Delaware limited partnership ("MCR"), and SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.), a Delaware corporation ("Lender").

Background

Lender is the holder of a Mortgage Note dated September 1, 1993 ("Note") in the original principal amount of $1,241,477.04 ("Loan") made by the McGarveys. The Note is secured by, inter alia, a Mortgage and Security Agreement dated September 1, 1993 and recorded in the Office of the County Clerk of Burlington County Records on September 8, 1993 in Mortgage Book 5189 page 164 ("Mortgage"), encumbering a certain parcel of real property and the improvements thereon located at 201 Commerce Drive, Moorestown, Burlington County, New Jersey, as more particu larly described on Exhibit A ("Mortgaged Property"), and by an Assignment of Leases and Agreement dated September 1, 1993 and recorded in the Office of the County Clerk of Burlington County Records on September 8, 1993 in Deed Book 4605 page 237 ("Assignment of Leases") (the Note, the Mortgage, the Assignment of Leases and the other documents listed on Exhibit B attached hereto which were executed by McGarveys and delivered to Lender in connection with the Loan are hereinafter referred to collectively as the "Loan Documents").

The Mortgaged Property is being acquired by MCR from the McGarveys on the date hereof. Lender and MCR have now agreed to modify certain provisions of the Loan Documents and that MCR will assume the obligations of the McGarveys under the Loan Documents as modified hereby.

Now, Therefore, in consideration of the mutual covenants and undertakings herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Modification of Loan Documents.

(a) The Note is hereby modified to insert the following at the end of Section 13:

> "Notwithstanding the foregoing, Maker's obligations hereunder shall be limited as set forth in Section 37 of the Mortgage."

(b) The Note is hereby modified to delete the last sentence of Section 6.

(c) The Mortgage is hereby modified to insert the following at the end of Section 28:

> "Notwithstanding the foregoing, Mortgagor's recourse liability under this Section 28 shall not exceed $3,585,000.00 ("Liability Cap")."

(d) The Mortgage is hereby modified to insert the following at the end of Section 7:

> "Notwithstanding the foregoing, (i) transfers of interests in Mack-Cali Realty, L.P. and its general partner shall not require the consent of Mortgagee (provided that no such transfers shall limit in any way Mortgagor's obligations hereunder), and (ii) with advance written notice to Mortgagee (but without requiring Mortgagee's consent), the Mortgaged Property may be conveyed to an affiliate of Mortgagor or following a merger or consolidation of Mortgagor (provided that no such transfers shall limit in any way Mortgagor's obligations hereunder)."

(e) The Mortgage is hereby modified to delete the phrase "and certified by John McGarvey" in Section 12.

(f) The Mortgage is hereby modified to add the phrase "except as expressly permitted by the Assignment of Leases" at the end of Section 18(a)(iii).

(g) The Mortgage is hereby modified to delete Section 14(f).

(h) The Assignment of Leases is hereby modified to add the following at the end of Section 1(a):

> "Notwithstanding the foregoing, no consent from Mortgagee shall be required for Leases if such Leases require a net rental of at least $4.50 per square foot."

2. Assumption of Loan Documents; Representations and Warranties.

(a) MCR hereby assumes the obligations of the McGarveys under the Note and the Mortgage (as modified herein) and the other Loan Documents as if each and every Loan Document had been originally executed by MCR, provided that MCR is not assuming any obligations under the Guaranty. MCR shall fully comply with each and every covenant and condition of the Loan Documents and shall be fully bound thereby.

(b) Lender hereby approves the transfer of the Mortgaged Property by the McGarveys to MCR.

(c) MCR acknowledges and agrees that the unpaid principal balance of the Note as of the date hereof is $1,117,507.40. MCR represents and warrants to Lender that MCR presently possesses an unencumbered fee simple title to the Mortgaged Property, except for those title objections not removed from Title Commitments No. TS-11344 issued to Lender by Title Services of New Jersey, Inc. as policy issuing agent for First American Title

Insurance Company, and that the Mortgage is a valid and enforceable first lien on the Mortgaged Property, subject only to the aforesaid title objections.

(d) MCR represents and warrants to Lender as follows: (i) MCR is a limited partnership duly formed and validly existing in the State of Delaware; (ii) MCR has supplied Lender with true, correct and complete copies of MCR's Limited Partnership Agreement and Limited Partnership Certificate, and all amendments thereto, none of which has been further amended, modified or revised, together with a current Good Standing Certificate from the State of Delaware; and (iii) MCR has full power and authority to engage in business and own property in the State of New Jersey and to enter into and undertake and perform its obligations under the Note, the Mortgage and the other Loan Documents.

3. Confirmation of Loan Documents. MCR covenants and confirms that, except as specifically modified by this Agreement, all of the terms and conditions of the Note, the Mortgage and the other Loan Documents shall be unmodified and remain in full force and effect and are hereby ratified and confirmed by MCR. MCR acknowledges and agrees that it has no defense, set-off, recoupment or claim against Lender of any kind whatsoever as of the date hereof. Lender acknowledges that all principal, accrued interest and other charges for the Loan have been paid through the installment payment due on January 1, 1998. Lender has not declared an Event of Default under the Note, the Mortgage or any of the other Loan Documents and has no knowledge of any state of facts which, but for the passage of time or the giving of notice, would constitute an Event of Default under the Note, the Mortgage or the other Loan Documents.

4. No Novation. The parties to this Agreement acknowledge and confirm that this Agreement shall not be construed as a novation of the Note, the Mortgage or the other Loan Documents, and shall not prejudice any present or future rights, remedies, benefits or powers belonging to or accruing to Lender under the terms of the Note, the Mortgage or the other Loan Documents. It is the intent of the parties hereto that this Agreement shall in no way adversely affect or impair the lien priority of the Mortgage. In the event this Agreement or any part hereof, or any instrument executed in connection herewith, shall be construed or shall operate to affect the lien priority of the Mortgage, then to the extent such instrument creates a charge upon the Mortgaged Property, and to the extent third parties acquiring an interest or lien upon the Mortgaged Property between the time the Mortgage was recorded and the time this Agreement is executed are prejudiced thereby, this Agreement shall be void and of no further force or effect. Notwithstanding the foregoing, the parties hereto, as between themselves, shall be bound by all the terms and conditions of this Agreement until the Loan and all interest thereon has been paid in full.

5. No Further Commitment. Nothing in this Agreement shall be construed to commit Lender to any further modification or amendments of the Note, the Mortgage or the other Loan Documents, nor as a waiver by Lender of any rights or remedies to which Lender may be entitled under the Loan Documents.

6. Releases.

(a) MCR, its partners, employees and agents, for themselves, their respective heirs, personal representatives, successors and assigns, hereby release Lender, its shareholders,

officers, directors, employees, agents and attorneys and each of their respective heirs, personal representatives, successors and assigns and affiliates, of and from any and all actions, causes of action, proceedings, claims, demands, damages, costs, liabilities, losses, agreements and obligations as of the date hereof, of any nature whatsoever, whether contingent or matured, known or unknown, at law or in equity arising out of, or in any way related to, the Loan, the Note, the Mortgage, the other Loan Documents or the Mortgaged Property. MCR and its partners acknowledge and agree that Lender is relying on the foregoing representations and covenants as a material inducement to Lender to execute this Agreement.

(b) Lender, its shareholders, officers, directors, employees, agents and attorneys and each of their respective heirs, personal representatives, successors, assigns and affiliates, hereby release McGarveys, Guarantors, and their respective partners, employees, agents and attorneys and each of their respective heirs, personal representatives, successors and assigns, of and from any and all actions, causes of action, proceedings, claims, demands, damages, costs, liabilities, losses, agreements and obligations, of any nature whatsoever, whether contingent or material, known or unknown, at law or in equity arising from any act, thing, omission or failure to act occurring after the date hereof and arising out of, or in any way related to, the Loan, the Mortgage, the Guaranty, the other Loan Documents or the Mortgaged Property, including, without limitation, any failure of MCR to perform any of its obligation under the Loan Documents. Lender acknowledges and agrees that McGarveys and Guarantors relied on the foregoing representations and covenants as a material inducement to McGarveys and Guarantors to execute this Assumption Agreement.

7. Notices. Section 25 of the Mortgage is hereby amended to provide that all notices, requests and demands upon the respective parties hereto shall be effective when hand delivered to such party at the address set forth below, or if sent by overnight delivery service, on the next business day, or if sent by United States mail, postage prepaid, certified mail, on the third business day after the day on which mailed or sent, addressed to such party as follows:

To Lender:	Sun Life Assurance Company of Canada (U.S.) One Sun Life Executive Park Wellesley Hills, MA 02181 Attention: Ms. Kerrianne Lappin
With copies to:	William O'Connor, Vice President GMAC Mortgage Corporation 650 Dresher Road P.O. Box 1015 Horsham, PA 19044
	Gregory Kleiber, Esquire Fox, Rothschild, O'Brien & Frankel 2000 Market Street Philadelphia, PA 19103
To MCR:	Mack-Cali Realty, L.P. 11 Commerce Drive Cranford, NJ 07016 Attention: Roger Thomas, Esq., Vice President and General Counsel
With a copy to:	Richard Abramson, Esq. Cole, Schotz, Meisel, Forman & Leonard 25 Main Street P.O. Box 800 Hackensack, New Jersey 07602-0800

or to such other address as may be furnished in writing for such purpose.

8. Lender's Costs. MCR agrees to pay on demand all costs and expenses of Lender in connection with the preparation, execution and delivery of this Agreement (including the fees and out of pocket costs of counsel with respect thereto). The agreement set forth in this Section shall survive payment of the Note.

9. Subordination, Non-Disturbance and Attornment Agreements. Subject to the conditions set forth below, Lender shall execute Subordination, Non-Disturbance and Attornment Agreements ("SNDA") with new tenants of the Mortgaged Property from time to time upon written request from MCR. Each such request shall be accompanied by a written certification from MCR confirming that the SNDA as presented is in the form attached hereto as Exhibit C with no changes or alterations other than completions of blanks. Lender shall use its best efforts to execute and return an SNDA within thirty (30) days after receipt of the completed SNDA and the certification, each of which must conform to the requirements of the previous sentence. Lender shall have no obligation to review or execute any SNDAs that do not conform to such requirements or are not so certified.

10. General. This Agreement shall be governed by and construed under the laws of the State of New Jersey. This Agreement represents the entire agreement between the parties hereto respecting the subject matter hereof, and neither party shall be bound by any prior discussions, proposals or oral agreements. The parties agree that this Agreement may be amended only in a writing signed and approved by both parties. The parties agree that each and every provision of this Agreement has been mutually negotiated, prepared and drafted, and each party has been represented by counsel, so that in connection with the construction of any provision hereof, no consideration shall be given to the issue of which party actually prepared, drafted, requested or negotiated

any provision or deletion. The headings of each Section hereof form no part of the content hereof.

In Witness Whereof, the parties hereto have executed this Agreement on the day and year first set forth above.

LENDER:

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

By:

MCGARVEYS:

John S. McGarvey

Joanne H. McGarvey

MCR:

Mack-Cali Realty, L.P.

By: Mack-Cali Realty Corporation

By: _____

EXHIBIT NO. 10.134

NOTE AND MORTGAGE MODIFICATION AND ASSUMPTION AGREEMENT

THIS NOTE AND MORTGAGE MODIFICATION AND ASSUMPTION AGREEMENT ("Agreement") is made this 30th day of January, 1998, by and between MACK-CALI REALTY, L.P., a Delaware limited partnership, having a mailing address of 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter called "BORROWER") and FIRST UNION NATIONAL BANK, a national banking association organized and existing under the laws of the United States of America, successor by merger to FIRST FIDELITY BANK, NATIONAL ASSOCIATION, with offices at One First Union Center, DC-6, Charlotte, North Carolina 28288 (hereinafter called "BANK"); and BROMLEY COMMON ASSOCIATES, a New Jersey general partnership, 201 Commerce Drive, having a mailing address of Moorestown, New Jersey 08057 (the "Original Borrower", hereinafter "Bromley")

BACKGROUND

On or about September 15, 1995, Bromley borrowed from Bank the principal sum of Six Million Seven Hundred Thousand Dollars ($6,700,000.00) (the "Loan") and made, executed and delivered to Bank its Promissory Note (the "Note") payable with interest per annum at the fixed rate of seven and one-quarter percent (7.25%) in consecutive monthly payments of principal and interest, based upon a hypothetical fifteen (15) year term, with all unpaid principal and interest accrued thereon due and payable in full on October 31, 2000. Bromley was afforded the option to extend the maturity date for an additional term of sixty (60) months.

As collateral security for the obligations of Bromley to Bank, Bromley on September 15, 1995, executed and delivered to Bank, together with other documents (the "Loan Documents") (including a certain loan agreement dated September 15, 1995, the "Loan Agreement"), a Mortgage and Security Agreement (the "Mortgage") on the premises owned by Bromley and located in the Township of Burlington, County of Burlington, State of New Jersey, known and designated as Block 120.03, Lots 1 and 2 on the official tax map, commonly known as #3 and #5 Terri Lane, Bromley Corporate Center (the "Mortgaged Premises"), said property being more fully described in Exhibit "A" attached hereto and made a part hereof, said Mortgage having been recorded on September 25, 1995 in the Office of the Clerk of Burlington County in Book 6091 of Mortgages Page 232.

Bromley has requested that the Bank permit the Borrower to assume the Loan to Bromley and modify the Loan. Borrower has agreed to repay to Bank all amounts which are due under the terms of the Note, as modified hereby, and Bank has agreed to modify the Note and Mortgage and to memorialize same, hence this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein and in the Loan Documents contained and intending to be legally bound hereby, the parties agree as follows:

1. Incorporation of Recitals

The recitals set forth above in the Background section of this Agreement are hereby incorporated by reference into this Agreement as if same had been fully set forth at length herein.

2. Assumption of Mortgage

As consideration of the transfer of title of the Mortgaged Premises from Bromley to Borrower, Borrower hereby assumes the obligations of Bromley to the Bank under the Note, Mortgage and other Loan Documents set forth therein with the same force and legal effect as if Borrower was the original party thereto. Bromley, Borrower and Bank acknowledge that the amount of the obligation to be assumed is as set forth below in paragraph 3. Bromley hereby agrees to convey to Borrower by Bargain and Sale Deed with Covenants Against Guarantor's Acts all their right, title and interest in the Mortgaged Premises.

3. Affirmation of Amount Due

Bank and Borrower hereby acknowledge and agree that as of the date of this Agreement, there is due and owing to Bank on its Note and Mortgage the sum of Six Million One Hundred Fourteen Thousand Seven Hundred Forty Two and 34/100 Dollars
($6,114,742.34).

4. Terms of Modification of Obligation

Bank agrees to the modification of the Note and the Mortgage upon the following revised terms:

(a) The Bank hereby agrees to the assumption of the Loan to

Bromley by the Borrower and the Borrower shall now be obligated to pay all principal and interest when due and shall be obligated to comply with the terms and conditions of the Note, Mortgage, Loan Documents and this Agreement. In consideration of the assumption of the Loan by Borrower, Borrower on or before the date hereof shall pay to Bank an assignment fee in the amount of $22,000.00.

(b) On or before the date hereof, Borrower shall reduce the principal outstanding balance of the Loan set forth in Paragraph 3 above to Four Million Four Hundred Thousand Dollars ($4,400,000.00), without premium or penalty.

(c) The date upon which all unpaid principal and interest and other charges owing pursuant to the Note and Mortgage is due and payable by Borrower to Bank is October 31, 2000 (the "Maturity Date") with no option to extend the Maturity Date.

(d) Interest only shall be payable in monthly installments of $26,583.33 beginning on the first day of March, 1998 and continuing on the first day of each consecutive month thereafter until October 31, 2000, on which date all unpaid principal and interest

accrued and unpaid thereon shall be due and payable. During the term hereof, the interest rate hereon ("Interest Rate") (computed on the basis of the actual number of days elapsed and a year of 360 days) shall continue to be at the fixed rate of seven and one-quarter percent (7.25%) per annum Bank.

(e) Upon execution of this Agreement and payment by the Borrower of the monies set forth in Paragraphs 4(a) and (b), the obligation of Bromley pursuant to the Note and Mortgage and other Loan Documents shall be terminated and of no further force and effect; and (ii) the liability of William G. Price, Jr., Carol Ann Price, John S. McGarvey and Joanne H. McGarvey, as original guarantors for the full, prompt and unconditional performance of the terms and conditions of the Note, Mortgage, Guaranty and other Loan Documents shall be hereby terminated.

(f) Paragraph 5.1 of the Loan Agreement shall be amended by the addition of the following language:

> Notwithstanding the foregoing: (i) transfers of interests in Mack-Cali Realty, L.P. and its general partner shall not require the consent of Mortgagee and (ii) with advance written notice to Mortgagee (but without requiring Mortgagee's consent), the Mortgaged Premises may be conveyed to an affiliate of Mortgagor or following a merger or consolidation of Mortgagor (provided that no such transfers shall limit in any way Mortgagor's obligations hereunder.

(g) Paragraph 5.4.1 of the Loan Agreement shall be amended to read as follows:

> Borrower shall furnish to Bank the following financial information: (i) not later than ninety (90) days after the end of each fiscal year a copy of the audited financial statements prepared by the Borrower and filed with the Securities and Exchange Commission; and (ii) not later than July 30 and January 30 of each year, semi-annual, management prepared financial statements in form reasonably satisfactory to Bank relating to the operation of the Mortgaged Premises including, without limitation, a statement of cash flows, certified rent roll, summary of leases, a statement of profits and losses and any other information requested by Bank.

(h) The Borrower and the Bank acknowledge that the Debt Service Coverage Ratio required by Paragraph 5.7.1 of the Loan Agreement shall be maintained by the Borrower during the balance of the term of the Loan. For purposes of calculating the Debt Service Coverage Ratio, the aggregate principal and interest utilized in the formula shall be Four Hundred Eighty One Thousand Nine Hundred Ninety Two Dollars ($481,992.00).

(i) Paragraphs 5.7.2, 5.7.4 through and including 5.7.9 and 6.1.6 are hereby deleted from the Loan Agreement and shall have no further force and effect.

(j) Paragraph 4.4 of the Mortgage and paragraph 7 of the Loan Agreement shall be amended to read as follows:

> Notwithstanding anything contained herein or in the Loan Documents, all proposed leases for the Mortgaged Premises or any part thereof consisting more than fifty percent (50%) of the leased area of the Mortgaged Premises shall be submitted to Bank for its review and approval prior to the execution of such

leases. Bank shall have five (5) business day after receipt of such leases to review and approve the leases. If Bank has not approved such leases within such period, the leases shall be deemed approved. All leases must be in writing on Borrower's standard lease form, at market rates with no concessions, and must be subordinate to the lien of the Mortgage. Bank shall have no obligation to grant rights or nondisturbance to any tenant.

5. Intention to Renew

It is the intention of the parties that the Note being modified hereby is a renewal of the existing obligations of Bromley as evidenced by the Note and is not intended by the parties to be an accord and satisfaction or a novation of the Loan evidenced by the Note.

6. Affirmation by the Borrower of Collateral

The Borrower hereby represents, warrants and affirms to the Bank that it is the intention of the parties to this Agreement that all existing collateral security held by the Bank shall continue to serve as collateral for the Note and any other liabilities due the Bank by the Bromley pursuant to the Note, and until the Loan is paid in full, the security interests and Mortgage held by the Bank shall otherwise continue in full force and legal effect. As an additional inducement for the Bank's extension, the following security interests are hereby confirmed and granted by the Borrower to the Bank:

A. To secure the payment and performance of all liabilities of the Borrower to the Bank, the note, the guaranty and any other loan documents or obligations of the Borrower to the Bank, the Borrower hereby grants to the Bank a security interest in the following property owned by the Borrower (hereinafter the "Collateral"):

(i) Any and all buildings and improvements now or hereafter erected on, under or over the Mortgaged Premises;

(ii) Any and all fixtures, machinery, equipment and other articles of real, personal or mixed property, belonging to Borrower, at any time now or hereafter installed in, attached to or situated in or upon the Mortgaged Premises, or the buildings and improvements now or hereafter erected thereon, or used or intended to be used in connection with the Mortgaged Premises, or in the operation of the buildings and improvements, plant, business or dwelling situate thereon, whether or not such real, personal or mixed property is or shall be affixed thereto, and all replacements, substitutions and proceeds of the foregoing, including

without limitation: (i) all appliances, furniture and furnishings; all articles of interior decoration, floor, wall and window coverings; all office, restaurant, bar, kitchen and laundry fixtures, utensils, appliances and equipment; all supplies, tools and accessories; all storm and screen windows, shutters, doors, decorations, awnings, shades, blinds, signs, trees, shrubbery and other plantings; (ii) all building service fixtures, machinery and equipment and any kind whatsoever; all lighting, heating, ventilating, air conditioning, refrigerating, sprinkling, plumbing, security, irrigating, cleaning, incinerating, waste disposal, communications, alarm, fire prevention and extinguishing systems, fixtures, apparatus, machinery and equipment; all elevators, escalators, lifts, cranes, hoists and platforms; all pipes, conduits, pumps, boilers, tanks, motors, engines, furnaces and compressors; all dynamos, transformers and generators; (iii) all building materials, building machinery and building equipment delivered on site to the Mortgaged Premises during the course of, or in connection with any construction or repair or renovation of the buildings and improvements; (iv) all parts, fittings, accessories, accessions, substitutions and replacements therefor and thereof; and (v) all files, books, ledgers, reports and records relating to any of the foregoing.

(iii) Any and all leases, subleases, tenancies, licenses, occupancy agreements or agreements to lease all or any portion of the Mortgaged Premises and all extension, renewals, amendments, modifications and replacements thereof, any options, rights of first refusal or guarantees relating thereto (collectively, the "Leases"); all rents, income, receipts, revenues, security deposits, escrow accounts, reserves, issues, profits, awards and payments of any kind payable under the Leases or otherwise arising from the Mortgaged Premises including, without limitation, minimum rents, additional rents, percentage rents, parking, maintenance and deficiency rents (collectively, the "Rents"); all accounts, general intangibles and contract rights (including any right to payment thereunder, whether or not earned by performance) of any nature relating to the Mortgaged Premises or the use, occupancy, maintenance, construction, repair or operation thereof; all management agreements, franchise agreements, utility agreements and deposits, building service contracts, maintenance contracts, construction contracts and architect's agreements; all maps, plans, surveys and specifications; all warranties and guaranties; all permits, licenses and approvals; and all insurance policies, books of account and other documents, of whatever kind or character, relating to the use, construction upon, occupancy, leasing, sale or operation of the Mortgaged Premises;

(iv) Any and all estates, rights, tenements, hereditaments, privileges, easements, reversions, remainders and appurtenances of any kind benefitting the Mortgaged Premises; all means of access to and from the Mortgaged Premises, whether public or private; all streets, alleys, passages, ways, water courses, water and mineral rights; all rights of Borrower as declarant or unit owner under any declaration of condominium or association applicable to the Mortgaged Premises; and all other claims or demands of Borrower, either at law or in equity, in possession or expectancy of, in, or to the Mortgaged Premises; and

(v) Any and all "proceeds" of any of the above-described Mortgaged Premises, which term shall have the meaning given to it in the New Jersey Uniform Commercial Code and shall additionally include whatever is received upon the use, lease, sale, exchange, transfer, collection or other utilization or any disposition or conversion of any of the Mortgaged Premises, voluntary or involuntary, whether cash or non-cash, including proceeds

of insurance and condemnation awards, rental or lease payments, accounts, chattel paper, instruments, documents, contract rights, general intangibles, equipment and inventory.

7. Representations and Warranties Continuing

Bromley and Borrower hereby represents and warrants to the Bank as follows:

(a) All representations and warranties contained in the Loan Documents are true and correct as of the date hereof except as otherwise specified to the Bank in writing prior hereto;

(b) All real property taxes and water and sewer rents which are due are paid, and all insurances remain in full force and effect.

(d) Other than the liens and mortgages as set forth in the Title Commitment No. TS-11358 and TS-11359 issued by Title Services of New Jersey, Inc., agent for First American Title Insurance Company, there have not been granted to any other person or entity, mortgages on or security interests in any of the real or personal property pledged by the Borrower as security for the Loan due Bank and that the Mortgage is a first mortgage.

8. Enforceability

(a) The validity, priority and security of the Mortgage modified hereby, the Note and any other documents or instruments executed and delivered by Borrower to Bank, shall not be impaired by anything contained in this Agreement and all references to such Mortgage and such documents shall be deemed to refer to the instrument and Mortgage as modified by this Agreement.

(b) In the event Borrower fails to strictly comply with the terms hereof and with the terms of the Note, and defaults in said terms hereof and thereof, Bank shall be entitled to enforce the provisions of this Agreement, of the Note and any other Loan Documents executed and delivered to Bank by Borrower by foreclosure or otherwise.

9. Limitation of Liability

Notwithstanding anything to the contrary herein or in any Loan Documents, Borrower, the General Partners of Borrower, and any officer, director, partners, member or stockholder of either shall have no personal liability whatsoever to Bank except as herein provided; and the liability of Borrower, the General Partners of Borrower, and any officer, director, partner, member or stockholder of either, under the Loan Documents shall be limited to and satisfied from the Mortgaged Premises and the proceeds thereof, and the rents and all other income arising therefrom, the Bank waiving any right of that Bank may have to claim a deficiency judgment or other judgment for money damages against Borrower, its General Partners and any officer, director, partner, member or stockholder of either, under any Loan Document; provided, however, that nothing in this Paragraph shall (i) preclude Bank from foreclosing the lien of the Mortgage or from enforcing any of its rights or remedies in law or

in equity against Borrower except to the extent set forth in this Paragraph, (ii) limit the right of Bank to make Borrower as a party defendant in any action brought under this Note, the Mortgage or any Loan Document so long as execution or any judgment is limited to the Mortgaged Premises, or (iii) limit the personal liability of Borrower to Bank (A) for fraud or willful misrepresentation, (B) under any environmental indemnity of Borrower, or (C) following an event of default, the misapplication of any proceeds received by reason of damage, loss or destruction of any portion of the Mortgaged Premises under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain.

10. Representations of Borrower by Counsel; No Representations by Bank

(a) The Borrower represents to the Bank that it has, at all

times pertinent to this Agreement, been represented by advisors of its own selection including but not limited to attorneys at law and certified public accountants; that it has not relied upon any representation, warranty, agreement or information provided by the Bank, its employees, agents or attorneys; that it acknowledges that it has been and is informed of its rights, duties and obligations with respect to the Loan due the Bank under all applicable laws; that its has no set-offs, defenses or claims against the Bank with respect to the Loan due the Bank by the Borrower; and that it is indebted to the Bank in the amounts recited in this Agreement.

(b) The Borrower has previously delivered to the Bank its financial statements for the calendar year ended 1996. In order to induce the execution of this Agreement by the Bank, the Borrower represents and warrants to the Bank that said financial statements are true and correct and present fairly the financial condition of the Borrower as of the date of the financial statements.

(c) The Borrower acknowledges and agrees that the Bank has made no representations, warranties, agreements or provided information to them in order to induce the execution of this Agreement, except as set forth in the Non-Disturbance Agreement and Estoppel Certificate attached hereto as Exhibits "B" and "C". The Borrower further acknowledges and agrees that all agreements of the parties are set forth in this Agreement and/or in the written documentation evidencing the Loan, including but not limited to the Note and Mortgage, signed by them prior to the date of this Agreement.

11. Bankruptcy or Insolvency

(a) The Borrower agrees not to permit to be filed, an involuntary petition in bankruptcy pursuant to the United States Bankruptcy Code or an insolvency proceeding pursuant to any state insolvency law, or to the extent that anyone challenges the granting of any security interest, mortgage or other collateral security to the Bank, or if said security interest, mortgage or other interest or payment to the Bank is held to be a preference under the United States Bankruptcy Code or any applicable insolvency law, such event shall be deemed to be an event to default hereunder and the parties to this Agreement, with respect to any property deemed to be a preference, shall be restored to their status quo ante which existed prior to the signing of this Agreement and the Bank shall be entitled to exercise all of its rights

and remedies which existed under the Note and the Mortgage in effect immediately prior to the date of the signing of this Agreement.

(b) In the event Borrower shall (i) file with any bankruptcy court of competent jurisdiction or be the subject of any petition under Title 11 of the U.S. Code, as amended, (ii) be the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended (iii) file or be the subject of any petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future Federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors, (iv) have sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator, or liquidator, (v) be the subject of any other judgment or decree entered by any court of competent jurisdiction approving a petition filed against such party for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future Federal or state act or law relating to bankruptcy, insolvency, or relief for debtors, Bank shall thereupon be entitled to relief from any automatic stay imposed by Section 362 of Title 11 of the U.S. Code, as amended or otherwise, on or against the exercise of the rights and remedies otherwise available to Bank as provided in any and all documents evidencing the Loan referred to herein, as hereby amended, and as otherwise provided by law.

12. Conflicts of Laws

This Agreement shall be governed by the laws of the State of New Jersey

13. Binding Effect; Ratification of Loan Documents

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors and assigns. The Borrower hereby acknowledges receipt of a true copy of this Agreement.

(b) All of the terms, conditions or provisions of the Note and the Mortgage and any other Loan Documents executed and delivered by Borrower to Bank not expressly revised or modified hereby, shall otherwise remain in full force and legal effect.

14. WAIVER OF JURY TRIAL

THE BORROWER AND THE BANK UPON ADVICE OF THEIR RESPECTIVE ATTORNEYS, HEREBY KNOWINGLY, INTENTIONALLY, VOLUNTARILY, EXPRESSLY AND MUTUALLY

WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OTHER DOCUMENTS EVIDENCING THE LOAN, OR (ii) IN ANY WAY CONNECTED WITH OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OF THE OTHER DOCUMENTS EVIDENCING THE LOAN, OR THE TRANSACTIONS RELATED HERETO OR THERETO, OR (iii) IN ANY

LITIGATION BETWEEN THE PARTIES, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE, AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE THIS ORIGINAL AGREEMENT OR A COPY THEREOF WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO A TRIAL BY JURY.

THIS AGREEMENT IS SUBJECT TO MODIFICATION AS DEFINED BY N.J.S.A. 46:9-8.1 ET SEQ.

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement the day and year first above written.

MACK-CALI REALTY, L.P., a Delaware limited partnership

By: MACK-CALI REALTY CORPORATION, a Maryland corporation, General Partner

Attest:

_____ , Secretary

By:_____ , President

(Corporate Seal)

BROMLEY COMMON ASSOCIATES, a New Jersey general partnership

Witness:

_____ , General Partner

By:_____ , General Partner

FIRST UNION NATIONAL BANK

By:_____
David B. Satterfield,
Vice President

STATE OF NEW JERSEY)
:SS
COUNTY OF CAMDEN)

BE IT REMEMBERED that on this ____ day of January, 1998, before me, a Notary Public, personally appeared _____ who acknowledged himself to be the President of Mack-Cali Realty Corporation, General Partner of Mack-Cali Realty, L.P., the Delaware limited partnership named in the foregoing instrument, and that he as such general partner, being authorized to do so in accordance with the terms of the Partnership Agreement executed and delivered the foregoing document.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

STATE OF NEW JERSEY)
:SS
COUNTY OF CAMDEN)

BE IT REMEMBERED that on this ______ day of January, 1998, before me, a Notary Public, personally appeared _____, who acknowledged himself to be the General Partner of Bromley Common Associates, the New Jersey general partnership named in the foregoing instrument, and that he as such general partner, being authorized to do so in accordance with the terms of the Partnership Agreement executed and delivered the foregoing document.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

COMMONWEALTH OF PENNSYLVANIA)
: SS
COUNTY OF PHILADELPHIA)

On this the ___ day of January, 1998, before me, a Notary Public, personally appeared David B. Satterfield, who acknowledged himself to be a Vice President of First Union National Bank, the corporation named in the foregoing instrument, and that he as such officer, being authorized to do so by a proper resolution of the Board of Directors, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as a Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

RECORD AND RETURN TO:

DILWORTH PAXSON LLP
LibertyView - Suite 700
457 Haddonfield Road
Cherry Hill, NJ 08002

Attention: Frank A. Lauletta III, Esquire

EXHIBIT NO. 10.135

LOAN MODIFICATION AND ASSUMPTION AGREEMENT

This Loan Modification and Assumption Agreement is made this 30th day of January, 1998 by and among MOORESTOWN WEST PARTNERSHIP, a New Jersey general partnership ("Partnership"), MACK-CALI REALTY, L.P., a Delaware limited partnership ("MCR"), and SUN LIFE ASSURANCE COMPANY OF CANADA, a Canadian corporation ("Lender").

Background

Lender is the holder of a Mortgage Note dated May 18, 1994 ("Note") in the original principal amount of $2,950,000 ("Loan") made by the Partnership. The Note is secured by, inter alia, a Mortgage and Security Agreement dated May 18, 1994 and recorded in the Office of the County Clerk of Burlington County Records on July 14, 1994 in Mortgage Book 5632 page 001 ("Mortgage"), encumbering two certain parcels of real property and the improvements thereon located at 101 Executive Drive and 225 Executive Drive, Moorestown, Burlington County, New Jersey, as more particularly described on Exhibit A ("Mortgaged Property"), and by an Assignment of Leases and Agreement dated May 18, 1994 and recorded in the Office of the County Clerk of Burlington County Records on July 14, 1994 in Deed Book 4769 page 088 ("Assignment of Leases"), and by an Unconditional Guaranty and Suretyship Agreement dated May 18, 1994 ("Guaranty") executed by John S. McGarvey, Joanne H. McGarvey and William G. Price, Jr. (collectively, "Guarantors") (the Note, the Mortgage, the Assignment of Leases and the other documents listed on Exhibit B attached hereto which were executed by Partnership and delivered to Lender in connection with the Loan are hereinafter referred to collectively as the "Loan Documents").

The Mortgaged Property is being acquired by MCR from the Partnership on the date hereof. Lender and MCR have now agreed to modify certain provisions of the Loan Documents and that MCR will assume the obligations of the Partnership under the Loan Documents as modified hereby.

Now, Therefore, in consideration of the mutual covenants and undertakings herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Modification of Loan Documents.

(a) The Note is hereby modified to insert the following paragraph as a new Section 20:

"20. Notwithstanding anything to the contrary herein contained, the liability of Maker hereunder shall be limited to and enforceable only out of the Mortgaged Property and the rents, issues and profits therefrom, and the lien of any judgment shall be restricted thereto and shall not extend to Maker, Holder waiving any right Holder may have to claim a

deficiency judgment against Maker; provided, however, that Maker shall not be exonerated or exculpated for any deficiency, loss or damage suffered by Holder as a result of any security deposits received or held by Maker, any rent received or held by Maker after an Event of Default, or any rent prepaid more than one month in advance; or from failure by Maker to properly account to Holder as mortgagee for any proceeds of insurance or condemnation proceeds as required by the Mortgage; or from repairs required by the Mortgaged Property following a casualty for which insurance proceeds are not available due to a violation of Section 10 of the Mortgage; or from fraud, material misrepresentation or bad faith by Maker; or from waste of the Mortgaged Property; or from delinquent taxes or assessments; or from Maker's interference with Holder's rights under the Assignment of Leases after an Event of Default; or from Maker's failure, following an Event of Default, to apply proceeds of rents and other income of the Mortgaged Property toward the cost of claims, insurance premiums, debt service and other indebtedness to the extent that the Mortgage, the Assignment of Leases or any of the other Loan Documents require such rents and income to be so applied; or the presence on the Mortgaged Property of any hazardous substances, hazardous waste, residual waste, solid waste or any other substance identified or described in Section 4(b) of the Mortgage, any violation by Maker or the Mortgaged Property of any environmental law, ordinance or regulation, or Maker's violation of, or failure to perform its obligations under, Section 4 or Section 20 of the Mortgage; or any noncompliance of the Mortgaged Property with the Americans with Disabilities Act. Notwithstanding the foregoing, Maker's obligations hereunder shall be limited as set forth in Section 37 of the Mortgage. Nothing in this paragraph, however, shall limit Holder's right against any tenants under leases assigned to Holder as additional

security, or against any other collateral securing Maker's obligations hereunder, now or hereafter mortgaged, pledged or assigned by Maker or anyone else to Holder."

(b) The Note is hereby modified to delete the phrase "of partnership interests" in the first sentence of Section 6 and to delete the last sentence of Section 6.

(c) The Mortgage is hereby modified to insert the following paragraph as a new Section 37:

"37. LIMITATION OF LIABILITY. (i) Notwithstanding anything to the contrary herein contained, the liability of Mortgagor hereunder shall be limited to and enforceable only out of the Mortgaged Property and the rents, issues and profits therefrom, and the lien of any judgment shall be restricted thereto and shall not extend to Mortgagor, Mortgagee waiving any right Mortgagee may have to claim a deficiency judgment against Mortgagor; provided, however, that Mortgagor shall not be exonerated or exculpated for any deficiency, loss or damage suffered by Mortgagee as a result of any security deposits received or held by Mortgagor, any rent received or held by Mortgagor after an Event of Default, or any rent prepaid more than one month in advance; or from failure by Mortgagor to properly account to Mortgagee as mortgagee for any proceeds of insurance or condemnation proceeds as required by the Mortgage; or from repairs required by the Mortgaged Property following a casualty for which insurance proceeds are not available due to a violation of Section 10 of the Mortgage; or from fraud, material misrepresentation or bad faith by Mortgagor; or from waste of the Mortgaged Property; or

from delinquent taxes or assessments; or from Mortgagor's interference with Mortgagee's rights under the Assignment of Leases after an Event of Default; or from Mortgagor's failure, following an Event of Default, to apply proceeds of rents and other income of the Mortgaged Property toward the cost of claims, insurance premiums, debt service and other indebtedness to the extent that the Mortgage, the Assignment of Leases or any of the other Loan Documents require such rents and income to be so applied; or the presence on the Mortgaged Property of any hazardous substances, hazardous waste, residual waste, solid waste or any other substance identified or described in Section 4(b) of the Mortgage, any violation by Maker or the Mortgaged Property of any environmental law, ordinance or regulation, or Maker's violation of, or failure to perform its obligations under, Section 4 or Section 20 of the Mortgage; or any noncompliance of the Mortgaged Property with the Americans with Disabilities Act. Nothing in this paragraph, however, shall limit Mortgagee's right against any tenants under leases assigned to Mortgagee as additional security, or against any other collateral securing Mortgagor's obligations hereunder, now or hereafter mortgaged, pledged or assigned by Mortgagor or anyone else to Mortgagee.

(ii) Notwithstanding the provisions of Section 37(i) above, Mortgagor's recourse liability under Section 37 (i) shall not exceed $2,410,000.00 (as to 101 Executive Drive) and $2,695,000.00 (as to 225 Executive Drive) (collectively, "Liability Cap")."

(d) The Mortgage is hereby modified to delete the last sentence of Section 7, and to insert in place thereof the following:

"Notwithstanding the foregoing, (i) transfers of interests in Mack-Cali Realty, L.P. and its general partner shall not require the consent of Mortgagee (provided that no such transfers shall limit in any way Mortgagor's obligations hereunder), and (ii) with advance written notice to Mortgagee (but without requiring Mortgagee's consent), the Mortgaged Property may be conveyed to an affiliate of Mortgagor or following a merger or consolidation of Mortgagor (provided that no such transfers shall limit in any way Mortgagor's obligations hereunder)."

(e) The Mortgage is hereby modified to delete the phrase "certified by John McGarvey" in Section 12.

(f) The Mortgage is hereby modified to add the phrase "except as expressly permitted by the Assignment of Leases" at the end of Section 18(a)(iii).

(g) The Mortgage is hereby modified to delete Section 14(f).

(h) The Assignment of Leases is hereby modified to add the following at the end of Section 1(a):

"Notwithstanding the foregoing, no consent from Mortgagee shall be required for (i) Leases for space in 101 Executive Drive if such Leases require a net rental of at least $7.00 per square foot, and (ii) Leases for space in 225 Executive Drive if such Leases require a net rental of at least $4.75 per square foot."

(i) The Loan Documents are all hereby modified to delete any

reference to the Guaranty.

2. Assumption of Loan Documents; Representations and Warranties.

(a) MCR hereby assumes the obligations of the Partnership under the Note and the Mortgage (as modified herein) and the other Loan Documents as if each and every Loan Document had been originally executed by MCR, provided that MCR is not assuming any obligations under the Guaranty. MCR shall fully comply with each and every covenant and condition of the Loan Documents and shall be fully bound thereby.

(b) Lender hereby approves the transfer of the Mortgaged Property by the Partnership to MCR.

(c) MCR acknowledges and agrees that the unpaid principal balance of the Note as of the date hereof is $2,575,703.93. MCR represents and warrants to Lender that MCR presently possesses an unencumbered fee simple title to the Mortgaged Property, except for those title objections not removed from Title Commitments No. TS-11347 and TS-11349 issued to Lender by Title Services of New Jersey, Inc. as policy issuing agent for First American Title Insurance Company, and that the Mortgage is a valid and enforceable first lien on the Mortgaged Property, subject only to the aforesaid title objections.

(d) MCR represents and warrants to Lender as follows: (i) MCR is a limited partnership duly formed and validly existing in the State of Delaware; (ii) MCR has supplied Lender with true, correct and complete copies of MCR's Limited Partnership Agreement and Limited Partnership Certificate, and all amendments thereto, none of which has been further amended, modified or revised, together with a current Good Standing Certificate from the State of Delaware; and (iii) MCR has full power and authority to engage in business and own property in the State of New Jersey and to enter into and undertake and perform its obligations under the Note, the Mortgage and the other Loan Documents.

3. Confirmation of Loan Documents. MCR covenants and confirms that, except as specifically modified by this Agreement, all of the terms and conditions of the Note, the Mortgage and the other Loan Documents shall be unmodified and remain in full force and effect and are hereby ratified and confirmed by MCR. MCR acknowledges and agrees that it has no defense, set-off, recoupment or claim against Lender of any kind whatsoever as of the date hereof. Lender acknowledges that all principal, accrued interest and other charges for the Loan have been paid through the installment payment due on January 1, 1998. Lender has not declared an Event of Default under the Note, the Mortgage or any of the other Loan Documents and has no knowledge of any state of facts which, but for the passage of time or the giving of notice, would constitute an Event of Default under the Note, the Mortgage or the other Loan Documents.

4. No Novation. The parties to this Agreement acknowledge and confirm that this Agreement shall not be construed as a novation of the Note, the Mortgage or the other Loan Documents, and shall not prejudice any present or future rights, remedies, benefits or powers belonging to or accruing to Lender under the terms of the Note, the Mortgage or the other Loan Documents. It is the intent of the parties hereto that this Agreement shall in no way adversely

affect or impair the lien priority of the Mortgage. In the event this Agreement or any part hereof, or any instrument executed in connection herewith, shall be construed or shall operate to affect the lien priority of the Mortgage, then to the extent such instrument creates a charge upon the Mortgaged Property, and to the extent third parties acquiring an interest or lien upon the Mortgaged Property between the time the Mortgage was recorded and the time this Agreement is executed are prejudiced thereby, this Agreement shall be void and of no further force or effect. Notwithstanding the foregoing, the parties hereto, as between themselves, shall be bound by all the terms and conditions of this Agreement until the Loan and all interest thereon has been paid in full.

5. No Further Commitment. Nothing in this Agreement shall be construed to commit Lender to any further modification or amendments of the Note, the Mortgage or the other Loan Documents, nor as a waiver by Lender of any rights or remedies to which Lender may be entitled under the Loan Documents.

6. Releases.

(a) MCR, its partners, employees and agents, for themselves, their respective heirs, personal representatives, successors and assigns, hereby release Lender, its shareholders, officers, directors, employees, agents and attorneys and each of their respective heirs, personal representatives, successors and assigns and affiliates, of and from any and all actions, causes of action, proceedings, claims, demands, damages, costs, liabilities, losses, agreements and obligations as of the date hereof, of any nature whatsoever, whether contingent or matured, known or unknown, at law or in equity arising out of, or in any way related to, the Loan, the Note, the Mortgage, the other Loan Documents or the Mortgaged Property. MCR and its partners acknowledge and agree that Lender is relying on the foregoing representations and covenants as a material inducement to Lender to execute this Agreement.

(b) Lender, its shareholders, officers, directors, employees,

agents and attorneys and each of their respective heirs, personal representatives, successors, assigns and affiliates, hereby release Partnership, Guarantors, and their respective partners, employees, agents and attorneys and each of their respective heirs, personal representatives, successors and assigns, of and from any and all actions, causes of action, proceedings, claims, demands, damages, costs, liabilities, losses, agreements and obligations, of any nature whatsoever, whether contingent or material, known or unknown, at law or in equity arising from any act, thing, omission or failure to act occurring after the date hereof and arising out of, or in any way related to, the Loan, the Mortgage, the Guaranty, the other Loan Documents or the Mortgaged Property, including, without limitation, any failure of MCR to perform any of its obligation under the Loan Documents. Lender acknowledges and agrees that Partnership and Guarantors relied on the foregoing representations and covenants as a material inducement to Partnership and Guarantors to execute this Assumption Agreement.

7. Notices. Section 25 of the Mortgage is hereby amended to provide that all notices, requests and demands upon the respective parties hereto shall be effective when hand delivered to such party at the address set forth below, or if sent by overnight delivery service, on the next business day, or if sent by United States mail, postage prepaid, certified mail, on the third business day after the day on which mailed or sent, addressed to such party as follows:

To Lender:	Sun Life Assurance Company of Canada One Sun Life Executive Park Wellesley Hills, MA 02181 Attention: Ms. Kerrianne Lappin
With copies to:	William O'Connor, Vice President GMAC Mortgage Corporation 650 Dresher Road P.O. Box 1015 Horsham, PA 19044
	Gregory Kleiber, Esquire Fox, Rothschild, O'Brien & Frankel 2000 Market Street Philadelphia, PA 19103
To MCR:	Mack-Cali Realty, L.P. 11 Commerce Drive Cranford, NJ 07016 Attention: Roger Thomas, Esq., Vice President and General Counsel
With a copy to:	Richard Abramson, Esq. Cole, Schotz, Meisel, Forman & Leonard 25 Main Street P.O. Box 800 Hackensack, New Jersey 07602-0800

or to such other address as may be furnished in writing for such purpose.

8. Lender's Costs. MCR agrees to pay on demand all costs and expenses of Lender in connection with the preparation, execution and delivery of this Agreement (including the fees and out of pocket costs of counsel with respect thereto). The agreement set forth in this Section shall survive payment of the Note.

9. Subordination, Non-Disturbance and Attornment Agreements. Subject to the conditions set forth below, Lender shall execute Subordination, Non-Disturbance and Attornment Agreements ("SNDA") with new tenants of the Mortgaged Property from time to time upon written request from MCR. Each such request shall be accompanied by a written certification from MCR confirming that the SNDA as presented is in the form attached hereto as Exhibit C with no changes or alterations other than completions of blanks. Lender shall use its best efforts to execute and return an SNDA within thirty (30) days after receipt of the completed SNDA and the certification, each of which must conform to the requirements of the previous sentence. Lender shall have no obligation to review or execute any SNDAs that do not conform to such requirements or are not so certified.

10. General. This Agreement shall be governed by and construed under the laws of the State of New Jersey. This Agreement represents the entire agreement between the parties hereto respecting the subject matter hereof, and neither party shall be bound by any prior discussions, proposals or oral agreements. The parties agree that this Agreement may be amended only in a writing signed and approved by both parties. The parties agree that each and every provision of this Agreement has been mutually negotiated, prepared and drafted, and each party has been represented by counsel, so that in connection with the construction of any provision hereof, no consideration shall be given to the issue of which party actually prepared, drafted, requested or negotiated any provision or deletion. The headings of each Section hereof form no part of

the content hereof.

In Witness Whereof, the parties hereto have executed this Agreement on the day and year first set forth above.

LENDER:

SUN LIFE ASSURANCE COMPANY OF CANADA

By:

By:

PARTNERSHIP:

MOORESTOWN WEST PARTNERSHIP

By: _____
John S. McGarvey, general partner

By: _____
Joanne H. McGarvey, general partner

By: _____
William G. Price, Jr., general partner

MCR:

Mack-Cali Realty, L.P.

By: Mack-Cali Realty Corporation

By: _____

EXHIBIT NO. 10.136

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT, made as of the 2nd day of February, 1998 (the "Effective Date"), by and between BREL ASSOCIATES XIV, L.P., a New York limited partnership, having an office at c/o Banque Nationale de Paris, 499 Park Avenue, New York, New York 10022 (hereinafter referred to as "Seller"), and MACK-CALI REALTY, L.P., 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter referred to as "Purchaser").

W I T N E S S E T H :

WHEREAS, Seller is the owner of certain land(s), building(s) and improvements (hereinafter collectively referred to as the "Property") situated in the Borough of Fort Lee, County of Bergen, New Jersey, being commonly known as 2115 Linwood Avenue, as more particularly described in Exhibit "A" annexed hereto and made a part hereof; and

WHEREAS, Seller desires to sell the Property and Purchaser desires to purchase the Property on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises herein made, it is agreed as follows:

1. SALE AND PURCHASE. Seller agrees to sell and Purchaser agrees to purchase the Property, including any and all easements, rights of way, privileges, appurtenances and rights belonging to or inuring to the benefit of said Property and any fixtures and personal property presently located at the Property used in connection with the current operation of the Property, for the Purchase Price (as hereinafter defined) and upon the terms and conditions hereinafter provided. Seller reserves the right to remove from the Property prior to the Closing (hereinafter defined) all wall partitions not installed in the Property and all furniture and any other personal property located at the Property not belonging to any tenants or occupants thereof.

2. PURCHASE PRICE. The purchase price of the Property shall be $5,000,000 Dollars (the "Purchase Price") payable by Purchaser as follows:

A. Upon execution and delivery of this Agreement, by depositing with Wolff & Samson, P.A., Seller's Attorney (the "Escrow Agent"), a sum equal to $500,000 Dollars by a good, unendorsed certified or official bank check drawn on an account of Purchaser, subject to collection, payable to the order of the Escrow Agent or, at Purchaser's election, by a bank wire transfer of immediately available funds to an account or accounts designated by Escrow Agent (the "Deposit"), which Deposit shall be maintained by Escrow Agent pursuant to the provisions of Paragraph 29 of this Agreement.

B. (i) At the closing of title, by paying to Seller the balance of the Purchase Price by a wire transfer of immediately available funds of Purchaser at a federal or state chartered bank or reputable, domestic lending institution, subject to the adjustments and prorations described in Paragraph 16 of this Agreement.

(ii) If Purchaser shall fail to deliver the Deposit in accordance with (A) above, or if Escrow Agent shall be unable immediately to collect on such Deposit, such failure or inability shall constitute a default by Purchaser, and this Agreement shall terminate and neither party shall have any further obligation or liability to the other except as may otherwise be provided for herein.

3. CLOSING DOCUMENTS.

A. At the Closing, Seller shall execute and deliver to Purchaser (i) a Bargain and Sale deed; (ii) an affidavit of title, the form and substance of which shall be subject to the reasonable approval of Purchaser's title insurance company; (iii) an assignment and assumption of Seller's interest in the property management agreement or service contracts referred to in Paragraph 8 hereof ("Assignment and Assumption of Contracts") in form satisfactory to the parties; (iv) an affidavit by Seller that Seller is not a "foreign person" within the meaning of Section 1445 of the United States Internal Revenue Code of 1986, as amended, and the regulations issued thereunder; (v) a letter of non-applicability from the New Jersey Department of Environmental Protection to the effect that the Property is exempt from the application of the Industrial Site Recovery Act, N.J.S.A. 13:1k-6 et seq.; and (vi) such documents and/or instruments as may be reasonably required by Purchaser's attorney or Purchaser's title insurance company to effectuate the within transaction. The deed and any other documents which are intended to be recorded shall be executed and acknowledged in a manner property for recordation.

B. At the Closing, the Purchaser shall execute and deliver to

Seller (i) the balance of the Purchase Price; (ii) the Assignment and Assumption of Contracts; and (iii) such documents and/or instruments as may reasonably be required by Seller's attorney or Purchaser's title insurance company to effectuate the within transaction.

4. TITLE.

A. Purchaser, at its expense, shall obtain a title insurance binder from a title insurance company doing business in the State of New Jersey insuring marketable title (as hereinafter defined) to the Property. For the purposes of this Agreement, "marketable title" shall be deemed to be such title as any title insurance company doing business in the State of New Jersey shall insure at standard rates and subject only to the usual printed exceptions and to the Permitted Encumbrances set forth on Exhibit "B" annexed hereto (the "Permitted Encumbrances"). Purchaser shall, by no later than ten (10) days after the Effective Date, forward to Seller a copy of its title insurance binder and specify in writing any alleged defects

set forth in said binder ("Title Obligations"), failing which Purchaser shall be deemed to have waived all Title Objections, TIME BEING OF THE ESSENCE as to Purchaser's obligation to so notify Seller. Within two (2) business days following Seller's receipt of said binder and notice of any Title Objections, Seller shall have the right (without being obligated or required to commence litigation or to incur any expenditure of monies), (i) to agree to cause any Title Objection to be removed as a title exception prior to Closing, (ii) to cause another title company to insure marketable title in accordance herewith; or (iii) to take no action with respect to any Title Objections. If Seller causes marketable title to be insured for the Property, Purchaser shall be required to complete the purchase of the Property as herein provided. Seller may, if it so elects, postpone the Closing for a period not to exceed sixty (60) calendar days in order to cure a Title Obligation. If Seller is unable or unwilling to cause marketable title to be insured for the Property, then Purchaser shall have the right, at its sole option, either to (i) waive the Title Objections and accept such title as Seller is able to convey without any diminution in the Purchase Price, or (ii) terminate this Agreement.

B. Purchaser shall make its election to accept such title as Seller shall be able to convey or to terminate this Agreement by no later than the end of the Due Diligence Period. If Purchaser shall fail to so notify Seller, then Purchaser shall be deemed to have elected to waive the Title Objections and accept title without any abatement or reduction in the Purchase Price.

C. Except for any liens affecting the Property in an amount not to exceed $150,000.00 which were caused by the direct acts of Seller, Seller shall have no obligation to expend any amounts due to any lienholder of the Property which are necessary to obtain a release or discharge of such lien in order to cure a Title Objection. To the extent Seller agrees to pay any such sum(s) of money for such purpose, then, at the option of Seller, such sum(s) may be paid at the Closing from the Purchase Price. In the event any liens affecting the Property become of record after delivery of the Title Objections which Seller is not required to discharge as provided for above, then Purchaser's sole remedy is to either (i) accept such title as Seller is able to convey without diminution of the Purchase Price or (ii) terminate this Agreement, in which event Seller shall reimburse Purchaser for its actual costs for title searches, survey and legal fees, but not to exceed $5,000.00 in the aggregate.

D. It is understood and agreed that Seller acquired the Property at a foreclosure sale and acquired title thereto by way of a Sheriff's Deed executed and delivered by the Bergen County Sheriff, a copy of which is annexed hereto as Exhibit C. It is further understood and agreed that the Deed conveying title to the Property shall convey the same quality of title as that conveyed to Seller by such Sheriff's Deed.

5. POSSESSION; TENANCIES.

A. Seller shall deliver to Purchaser, and Purchaser shall accept from Seller, vacant possession of the Property at the Closing, free of all tenants or occupants.

B. (i) Purchaser acknowledges that the civil action, Borough of Fort Lee vs. Fort Lee Headquarters Limited Partnership, Red Rock Holdings, Ltd., Banque National de Paris and DBR Management, Inc. has been adjudicated in the Superior Court of New Jersey, Chancery Division, Bergen County, Docket No. BER-C-325-95E (the "Borough Litigation"), pursuant to which the Court terminated any alleged occupancy rights by the Borough and the Borough has vacated the Property. Notwithstanding the foregoing, Seller reserves the right, and shall have the right, without interference from Purchaser, to continue to pursue its action for monetary relief or damages against the Borough and no such portion of the Borough Litigation will be assigned to Purchaser. This provision shall survive the Closing.

(ii) Seller represents that there are no tenants or occupants of the Property as of the Effective Date and Seller covenants not to grant any leases after the Effective Date.

6. RISK OF LOSS AND CONDEMNATION.

A. Seller assumes the risk of any material loss or damage to the Property beyond ordinary wear and tear until delivery of the deed to Purchaser at Closing. If, after the Effective Date, any material portion of the Property is destroyed or damaged as a result of fire or other casualty (meaning a casualty the cost of which to repair exceeds $500,000.00), and such repair shall not have been completed prior to Closing, Seller or Purchaser shall have the right to terminate this Agreement by delivery of written notice to the other party within ten (10) calendar days of such casualty, in which event the Escrow Agent shall return the Deposit to Purchaser and, except as provided for herein, all rights obligations and liabilities of the parties hereto shall thereupon terminate. If Purchaser does not have a right to terminate this Agreement or, having a right to terminate this Agreement, elects not to terminate this Agreement, then at Closing, Seller shall pay over or assign to Purchaser all insurance proceeds recovered by Seller and not theretofore used to repair or restore the Property, less any expenses incurred by Seller in seeking recovery of such insurance proceeds; provided, however, Purchaser shall be entitled to a credit against the Purchase Price in an amount equal to the amount of any deductible maintained by Seller.

B. If prior to Closing all or substantially all of the Property shall be condemned or taken as the result of the exercise of the power of eminent domain, then this Agreement shall be null and void and of no further force and effect, in which event Escrow Agent shall return the Deposit to Purchaser. If prior to the Closing, less than all or substantially all of the Property shall be condemned or taken as the result of the exercise of the power of eminent domain, and Purchaser in its reasonable judgment shall determine that (i) the remaining portion of the Property is not suitable for the continued use of the Property as an office building, then Purchaser may terminate this Agreement within five (5) calendar days after receipt of notice thereof or at the Closing, whichever is earlier, in which event Escrow Agent shall return the Deposit to Purchaser without further liability hereunder on the part of either party except as provided for herein, or (ii) the remaining portion of the Property is suitable for the continued use of the Property, then Seller shall be entitled to any award

resulting from any condemnation proceeding, but Purchaser shall be entitled to a credit against the Purchase Price in an amount equal to said proceeds up to the amount of the Purchase Price unless such condemnation proceedings shall be pending on the day of Closing, in which event there shall be no such credit and, at Closing, Seller shall assign all of its rights and interest in said proceedings to Purchaser.

7. REPRESENTATIONS.

A. The acceptance of the deed to the Property by Purchaser shall be deemed an acknowledgment by Purchaser that Seller has fully complied with, or that Purchaser has waived its right to demand compliance with, all of Seller's obligations hereunder, and that Seller shall have no further liability with respect to any of its representations, warranties, covenants or agreements under this Agreement. All representations made by Seller hereunder or elsewhere in this Agreement are true and correct to the best of Seller's knowledge and belief. No representation, warranty, covenant or agreement of Seller shall survive the Closing.

B. Seller's Representations. In order to induce Purchaser to enter into this Agreement, Seller represents that:

(i) Seller and the person executing this Agreement on behalf of Seller have the right, power and authority to enter into this Agreement and to fulfill its terms; and

(ii) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Seller is a party or by which it is bound and constitutes a legal valid and binding obligation of Seller.

(iii) Seller shall continue to maintain liability and casualty insurance on the Property until the Closing and shall provide evidence thereof to Purchaser.

C. Purchaser's Representations. In order to induce Seller to enter into this Agreement, Purchaser warrants and represents that:

(i) Purchaser and the person executing this Agreement on behalf of Purchaser have the right, power and authority to enter into this Agreement and to fulfill its terms; and

(ii) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Purchaser is a party or by which it is bound and constitutes a legal, valid and

binding obligation of Purchaser.

(iii) Purchaser represents that Purchaser is a sophisticated and

experienced purchaser of properties, such as the Property, and has been duly represented by counsel in connection with the negotiation of this Agreement and the purchase of the Property.

8. CONDITION OF THE PROPERTY; OPERATION OF THE PROPERTY.

A. Purchaser acknowledges and agrees (i) that Purchaser has examined and/or subject to Paragraph 9 hereof, shall have the right to examine, the Property and is familiar with the condition thereof including any mechanical or structural defects at the Property; (ii) that except as expressly set forth in this Agreement, neither Seller, nor the employees, agents or attorneys of Seller have made any verbal or written representations or warranties whatsoever to Purchaser, either express or implied; and (iii) that Purchaser has not relied on any representations or warranties except those expressly set forth in this Agreement. Specifically, without limitation, no representations or warranties have been made to Purchaser with respect to: (i) the physical condition of the Property; (ii) the environmental condition of the Property; (iii) the applicability to the Property of any particular statues, laws, codes, ordinances, regulations or rules, or the compliance of the Property therewith, including, without limitation, zoning, building and health codes, regulations and ordinances; and (iv) the expenses of or in respect of the Property. Purchaser agrees to accept the Property "AS-IS, WHERE-IS and WITH ALL FAULTS" at the Closing, including any latent or patent defects in or affecting the Property. Purchaser and any person or entity claiming by or under Purchaser, shall at the Closing be deemed to have released Seller and its affiliates, employees, officers, directors, representatives and agents from any and all claims, costs, losses, liabilities, damages, expenses, demands or causes of action now or hereafter arising from or related to any matter of any kind or nature relating to the Property.

B. From and after the Effective Date until the Closing, Seller shall maintain the Property in its present condition, subject to ordinary wear and tear, except as provided for herein. Seller represents that the day to day operation and maintenance of the Property is presently in the care, custody and control of Quinlan Properties, L.P. ("Quinlan") pursuant to a written property management agreement dated May 20, 1996, a copy of which has been delivered to Purchaser. Purchaser may, at its election, assume Seller's obligations under said management agreement or request that Seller cancel such management agreement at the Closing. Seller shall be responsible for any cancellation penalty incurred as a result of such cancellation. To the best of Seller's knowledge, there are no service contracts presently in effect which are not terminable, without penalty, on thirty (30) calendar days' written notice. Purchaser may, at its election, assume Seller's obligations under said service contracts or request that Seller cancel such service contracts at the Closing. A list of all such service contracts is annexed hereto and made a part hereof as Exhibit D.

C. From and after the Effective Date until the Closing, Seller shall not, without the prior written consent of Purchaser, which consent Purchaser agrees it shall not unreasonably withhold or delay, enter into any new service contract unless the same shall not be binding on Purchaser after the Closing or shall be cancelable, without penalty, upon not more than thirty (30) calendar days' written notice (unless Purchaser, in its sole discretion,

elects to accept the same).

9. DUE DILIGENCE REVIEW.

A. From and after the Effective Date until 5:00 P.M. (New York time) on the first business day which is fifteen (15) days after the Effective Date or sooner if Seller and Purchaser mutually agree (such period being hereinafter referred to as the "Due Diligence Period"), Purchaser and Purchaser's agents, at Purchaser's sole cost and expense, shall have the right to enter upon the Property in order to make such physical inspection of the Property as Purchaser deems reasonably necessary and appropriate. If any inspections are performed on the Property, Purchaser shall keep the Property in, or restore the Property to, its physical condition as of the Effective Date. Prior to such entry or inspection, Purchaser, or its designated representatives or agents who will perform such inspections, (i) shall obtain liability insurance in form, substance, coverage and amounts reasonably acceptable to Seller and (ii) shall deliver certificates of such insurance to Seller. Such insurance shall continue until the Closing. Notwithstanding anything to the contrary set forth in the foregoing, in exercising its rights under this Paragraph, Purchaser shall not interfere otherwise with the normal operation, use, occupancy, management or maintenance of the Property.

B. Purchaser agrees to indemnify and hold Seller harmless from and against any claim, suit or damage arising out of Purchaser's entry and/or inspections on or about the Property. Such indemnity shall survive any termination of this Agreement.

C. In the event that any such examinations, reviews and/or inspections cause Purchaser, in its sole discretion, to believe that the Property is not suitable for Purchaser's purposes, then Purchaser may, at any time during the Due Diligence Period, terminate this Agreement by giving written notice of such termination to Seller, whereupon the parties hereto shall be released from any and all liability and obligation hereunder, except as expressly provided herein, and the Deposit shall be returned to Purchaser forthwith.

D. In the event Purchaser does not terminate this Agreement on or prior to the last day of the Due Diligence Period as provided herein, as to which date TIME IS OF THE ESSENCE, Purchaser shall no longer have the right to terminate this Agreement but shall have the continued right until Closing to inspect, survey and make other examinations of the Property, subject in all cases to Purchaser's indemnification and restoration obligations set forth in this Paragraph 9.

E. In the event Purchaser does not cancel this Agreement at the end of the Due Diligence Period, Purchaser shall be deemed to have (i) represented and warranted that it has inspected all of the Property and the Property Documents and that in such inspection Purchaser has not discovered any material matter which would form the basis for a claim by Purchaser that the Property is not in the condition agreed to or that Seller has breached any representation, warranty, covenant or agreement of Seller made in this Agreement relating to the Property or the Property Documents and that Purchaser has no actual knowledge of any

such matter and (ii) waived any claim that Purchaser may have against Seller and released Seller from any such claim now or hereafter arising from or related to any matter of any kind or nature relating to the Property.

F. Upon termination of this Agreement, neither party shall have liability to the other, except that (i) Purchaser's indemnification and restoration obligations set forth herein shall survive as set forth in such provisions, (ii) Purchaser shall be obligated to deliver to Seller any reports that were performed by or on behalf of Purchaser with respect to the Property, and (iii) Purchaser shall return all copies of all confidential information furnished to Purchaser or Purchaser's agents by Seller.

G. Upon the execution and delivery of this Agreement by Seller and Purchaser, or as soon thereafter as reasonably possible, in addition to those materials heretofore provided to Purchaser by Seller or the Broker (as hereinafter defined), Seller shall make available, or cause Quinlan to make available, to Purchaser for its inspection during normal business hours at Quinlan's offices those documents in Seller's possession affecting the ownership and operation of the Property (the "Property Documents"). Purchaser, at its sole cost and expense, may make copies of the Property Documents but may not remove the originals from Quinlan's offices. Contemporaneously with the delivery of copies of the Property Documents, Purchaser shall sign an inventory list of the copies of the Property Documents so delivered to Purchaser for Purchaser's inspection and/or copying, acknowledging receipt of such Property Documents.

H. Purchaser acknowledges that all information in respect of the Property furnished, or to be furnished, to Purchaser has been and will be so furnished on the condition that Purchaser maintain the confidentiality thereof. Accordingly, Purchaser shall, and shall cause its directors, officers and other employees and representatives to hold in strict confidence, and not disclose to any other party without the prior written consent of Seller until the Closing shall have been consummated, any of the information in respect of the Property delivered to Purchaser by Seller or any of its agents, representatives or employees. In the event the Closing does not occur and this Agreement is terminated, Purchaser shall promptly return to Seller all originals and copies of all such information without retaining any copy thereof or extract therefrom. Notwithstanding anything to the contrary hereinabove set forth, Purchaser may disclose such information (i) on a need-to-know basis to its employees or members of professional firms serving it in connection with this transaction, (ii) as is requested by a reputable institutional lender in connection with any financing of the purchase of the Property, and (iii) as any governmental agency may require in order to comply with applicable laws or regulations; provided, however, that all such individuals and/or entities shall agree in writing to be bound by the confidentiality provisions of this Agreement and that Purchaser shall indemnify Seller with respect to any breach of such agreement by any such person and/or entity. The provisions of this Section shall survive the Closing or earlier termination of this Contract.

10. MUNICIPAL INSPECTION. Purchaser, at its sole expense, shall be

responsible to obtain a Certificate of Occupancy and/or all other municipal certificates or approvals that may be required to convey the Property, to occupy the Property, or to maintain business operations thereon.

11. NO FINANCING CONTINGENCY. Purchaser represents and warrants that the consummation of this transaction by Purchaser is not contingent or conditioned upon Purchaser's obtaining any financing and that Purchaser has, or

will have at the time of Closing, sufficient cash to complete the purchase.

12. ASSESSMENTS. If at the Closing the Property or any part thereof shall be or shall have been affected by any assessments which are or may become payable in annual installments of which the first installment is then due or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the deed, shall be assumed by Purchaser. The cost of all other assessments for work commenced after the date of this Agreement will be borne by Purchaser.

13. CLOSING OF TITLE. The closing of title (the "Closing") shall take place on the first business day which is thirty (30) days after the expiration of the Due Diligence Period (the "Closing Date"), at 11:00 A.M. at the offices of Wolff & Samson, 5 Becker Farm Road, Roseland, New Jersey 07068, or at such other location reasonably acceptable to the parties.

14. ASSIGNMENT. This Agreement may not be assigned by Purchaser without the prior written consent of Seller.

15. BROKERAGE. Each party represents and warrants to the other that it dealt with no broker or other person entitled to claim fees for such services in connection with the negotiation, execution and delivery of this Agreement other than CB Commercial Real Estate Group, Inc. and Plawker Real Estate, Inc. (collectively, the "Broker"). Seller agrees to pay Broker a commission pursuant to a separate agreement with Broker. Based upon the aforesaid warranty and representation, each party agrees to defend, indemnify and hold the other party harmless from and against any and all claims for finders' fees or brokerage or other commissions which may at any time be asserted against the indemnified party founded upon a claim that the substance of the aforesaid representation of the indemnifying party is untrue, together with any and all losses, damages, costs and expenses, including reasonable attorneys' fees and disbursements, relating to such claims or arising therefrom or incurred by the indemnified party in connection with this indemnification provision. The provisions of this Paragraph 15 shall survive the Closing.

16. CLOSING ADJUSTMENTS AND COSTS.

A. The following shall be apportioned and adjusted as of 11:59 p.m. of the day before the Closing and the net amount thereof shall be added to or deducted from, as the case may be, the Purchase Price to be paid at Closing:

All items of income and expense, real estate taxes and sewer rents, if any, fuel, electricity, gas, water, service contracts and other similar expenses.

B. All recording fees for the Deed, the realty transfer fee and all title insurance search fees and premiums shall be paid by Purchaser. Each party shall pay the fees of its respective counsel.

17. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties hereto. No variations or modifications of or amendments to the terms of this Agreement shall be binding unless reduced to writing and signed by the parties hereto.

18. COUNTERPARTS. This Agreement may be signed in counterparts, all of which when taken together shall constitute a single agreement.

19. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of Seller and Purchaser and their respective successors and assigns, except as otherwise provided herein.

20. CONSTRUCTION. The interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New Jersey. Seller and Purchaser agree that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments to exhibits thereto.

21. FURTHER ASSURANCES. Each party agrees that at any time or from time to time upon written request of the other party, it will execute and deliver all such further documents and do all such other acts and things as may be reasonably required to confirm or consummate the within transaction.

22. CAPTIONS. The captions preceding the paragraphs of this Agreement are intended only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

23. NOTICES. All notices required to be given pursuant to this Agreement shall be sent by certified mail, return receipt requested or by same day delivery service, or by a national overnight delivery service, or by facsimile transmission to the parties at the following addresses:

A. If to Seller, at its address set forth in the heading to

this Agreement, to the attention of Mr. Curtis Deane, Telecopy Number: 212-418-8242, with a copy to: Wolff & Samson, P.A., 5 Becker Farm Road, Roseland, New Jersey 07068, Attention: Dennis Brodkin, Esq., Telecopy Number: 973-740-1407.

B. If to Purchaser, at its address set forth in the heading to this Agreement, to the attention of

C. If to Escrow Agent, to Wolff & Samson, P.A., 5 Becker Farm Road, Roseland, New Jersey 07068, Attention: Dennis Brodkin, Esq., Telecopy Number: 973-740- 1407.

Any party may designate a different address by written notice to the other party.

Notices shall be deemed received (i) on the day of receipt if sent by same day delivery service, (ii) on the second business day after mailing, if sent by certified mail, (iii) on the next business day after mailing if sent by overnight delivery, and (iv) on receipt of facsimile confirmation if sent by facsimile transmission.

24. REMEDIES.

A. If Purchaser shall default in its obligations hereunder, Seller's sole remedy shall be to retain the Deposit as liquidated damages, and not as a penalty, it being agreed that Seller's damages might be impossible to determine, and that the Deposit constitutes a fair and reasonable amount of damages under the circumstances.

B. If Seller shall default in its obligations hereunder, Purchaser's sole remedy shall be to either (i) terminate this Agreement, whereupon the Deposit shall be returned to Purchaser or (ii) sue for specific performance.

25. WAIVER OF CONDITIONS. Purchaser and Seller each shall have the right, in the sole and absolute exercise of its discretion, to waive any of the terms or conditions of this Agreement which are strictly for its benefit and to complete the Closing in accordance with the terms and conditions of this Agreement which have not been so waived.

26. NO RECORDING. Purchaser shall not record this Agreement or any memorandum or short form hereof in any place or office of public record and any action in violation of this provision shall be deemed a default and shall terminate this Agreement by notice delivered to Purchaser.

27. SEVERABILITY. The terms, conditions, covenants and provisions of this Agreement shall be deemed to be severable. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of applicable law, the same shall be deemed to be severable and shall not affect the validity of

any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect, unless such provisions shall relate to the Purchase Price or other monies to be paid hereunder. In such event, Seller, on notice to Purchaser, shall have the right to terminate this Agreement on the date specified in such notice, whereupon neither party shall have any further obligation to the other.

28. GENDER. As used in this Agreement, the masculine gender shall include the feminine or neuter genders and the neuter gender shall include the masculine or feminine genders, the singular shall include the plural and the plural shall include the singular, wherever appropriate to the context.

29. ESCROW PROVISIONS.

A. The Deposit shall be held in escrow by the Escrow Agent in one or more interest-bearing FDIC insured bank accounts selected by Escrow Agent on the terms hereinafter set forth. All interest earned thereon shall be deemed part of the Deposit.

B. When the Closing has occurred, Escrow Agent shall deliver the Deposit to Seller in which event the Deposit, and the interest included therein, shall be applied in reduction of the Purchase Price.

C. If Escrow Agent receives a written request for the Deposit signed by Seller stating that Purchaser has defaulted in the performance of its obligations under this Agreement, Escrow Agent shall deliver a copy or copies of such request to Purchaser in accordance with the provisions of Paragraph 23 hereof, and no earlier than the third business day after the receipt of such notice by Purchaser, Escrow Agent shall deliver the Deposit to Seller.

D. If Escrow Agent receives a written request signed by Purchaser stating that this Agreement has been canceled or terminated and that Purchaser is entitled to the Deposit, Escrow Agent shall deliver a copy of such request to Seller in accordance with the provisions of Paragraph 23 hereof, and

no earlier than the third business day after the receipt of such notice by Seller, Escrow Agent shall deliver the Deposit to Purchaser.

E. All mailings and notices from Escrow Agent to Seller and/or Purchaser, or from Purchaser and/or Seller to Escrow Agent, provided for in this Escrow Agreement shall be given in the manner set forth in Paragraph 23 above. All notices from Purchaser and Seller must be given by a person having proper authority to act by and on behalf of such party and shall be duly notarized.

F. If Escrow Agent receives written instructions signed by Seller instructing Escrow Agent to pay the Deposit to Purchaser, or if Escrow Agent receives written instructions signed by Purchaser instructing Escrow Agent to pay the Deposit to Seller, Escrow Agent shall deliver the Deposit in accordance with such instructions.

G. Notwithstanding the foregoing provisions of (C) and (D) above, if Escrow Agent shall have received a written notice of objection from Seller or Purchaser, or shall have received at any time before actual disbursement of the Deposit a written notice signed by either Seller or Purchaser advising that litigation between Seller and Purchaser over entitlement to the Deposit has been commenced, or shall otherwise believe in good faith at any time that a disagreement or dispute has arisen between the parties hereto over entitlement to the Deposit (whether or not litigation has been instituted), Escrow Agent shall have the right, upon written notice to both Seller and Purchaser, (i) to deposit the Deposit with the Clerk of the Court in which any litigation is pending, and/or (ii) to take such affirmative steps as it may, at its option, elect in order to terminate its duties as Escrow Agent, without limitation, the depositing of the Deposit with a court of competent jurisdiction and the commencement of an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losing party, and thereupon Escrow Agent shall be released of and from all liability hereunder except for any previous gross negligence or willful default.

H. Escrow Agent shall have no duty to invest all or any portion of the Deposit during any period of time Escrow Agent may hold the same prior to disbursement thereof except in one or more interest-bearing accounts as aforesaid, and any disbursements or deliveries of the Deposit required herein to be made by Escrow Agent shall be with such interest, if any, as shall have been earned thereon.

I. Purchaser acknowledges that Escrow Agent is also counsel to Seller and shall have the right to represent Seller in any dispute between Seller and Purchaser regarding the disposition of the Deposit or otherwise.

J. Escrow Agent shall be under no obligation to deliver any instrument or documents to a court or take any other legal action in connection with this Agreement or towards its enforcement, or to appear in, prosecute or defend any action or legal proceeding which, in Escrow Agent's opinion, would or might involve it in any cost, expense, loss or liability unless, as often as Escrow Agent may require, Escrow Agent shall be furnished with security and indemnity satisfactory to it against all such costs, expenses, losses or liabilities.

K. Escrow Agent shall not be liable for any error in judgment or for any act done or omitted by it in good faith, or for any mistake of fact or law, and is released and exculpated from all liability hereunder except for willful misconduct or gross negligence.

L. Escrow Agent's obligations hereunder shall be as a depositary only, and Escrow Agent shall not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any notice, written instructions or other instrument furnished to it or deposited with it, or for the form of execution of any thereof, or for the identity or authority of any person depositing or furnishing same.

M. Escrow Agent shall not have any duties or responsibilities except those set forth in this Paragraph 29, and shall not incur any liability in acting upon any signature,

notice, request, waiver, consent, receipt or other paper or document believed by it to be genuine, and Escrow Agent may assume that any person purporting to give any notice or advice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so. Seller and Purchaser hereby jointly and severally indemnify and agree to hold and save Escrow Agent harmless from and against any and all loss, damage, cost or expense Escrow Agent may suffer or incur as Escrow Agent hereunder unless caused by its gross negligence or willful default.

N. Escrow Agent shall be entitled to consult with counsel in connection with its duties hereunder. Seller and Purchaser agree to reimburse Escrow Agent for all costs and expenses incurred by Escrow Agent in performing its duties as Escrow Agent including, but not limited to, attorneys' fees (either paid to retained attorneys or amounts representing the fair value of legal services rendered to itself).

O. The terms and provisions of this Paragraph 29 shall create no right in any person, firm or corporation other than the parties hereto and their respective successors and permitted assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

30. NO OFFER. The submission of this Agreement for examination does not constitute a reservation of, or an offer for, this Property, and this Agreement shall become effective only upon the full execution by both Seller and Purchaser.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

SELLER:

BREL ASSOCIATES XIV, L.P.

By: Real French Fourteen, Ltd., its general partner

- ----------
By:_____

Name:
Title:

- ----------
By:_____

Name:
Title:

PURCHASER:

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

Name: John R. Cali
Title: Executive Vice Pres.

ESCROW AGENT:

WOLFF & SAMSON, P.A.

- ----------
By:_____

Name: Dennis Brodkin
Title: Partner

EXHIBIT NO. 10.137

AGREEMENT dated this day of December, 1997, by and between 500 WEST PUTNAM ASSOCIATES , a Connecticut partnership with offices at 50 Holly Hill Lane, Greenwich, Connecticut 06830 ("Seller"); Cecio Properties Limited Partnership, a Connecticut limited partnership with offices at 50 Holly Hill Line, Greenwich, Connecticut 06830 ("CPLP"), and CALI REALTY ACQUISITION CORPORATION, a Delaware corporation with offices at 11 Commerce Drive, Cranford, New Jersey 07016 ("Purchaser").

Seller and Purchaser hereby covenant and agree as follows:

Section 1

Sale of Premises

1.01 Seller shall sell, assign and convey to Purchaser, and Purchaser shall purchase from Seller, at the price and upon the terms and conditions set forth in this Agreement: (a) all right, title and interest of Seller as Tenant pursuant to the terms, conditions and provisions of a certain lease a description of which is annexed hereto as Schedule A attached hereto ("Leasehold") of a parcel of land (the "Land") described in Schedule A-1 attached hereto; (b) all buildings and improvements (the "Building" or "Improvements") situated on the Land; (c) all the estate and rights of Seller, if any, in and to the Land and Building, including without limitation, all of Seller's right, title and interest in and to all land lying in the bed of any public street, road or alley, all mineral and water rights and all easements, licenses, covenants and rights-of -way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and Improvements and any unpaid award for any taking by condemnation or any damage to the Land or Improvements by reason of a change of grade of any street or highway; and (d) all right, title and interest of Seller, if any, in and to the fixtures, equipment and other personal property attached or appurtenant to the Building (collectively, "Premises"). The Premises are located at or known as 500 West Putnam Avenue, Greenwich, Connecticut.

1.02 The sale to Purchaser includes the following:

(a) all personal property (other than cash, cash equivalents, receivables and other intangible assets, except for the Tradenames), fixtures, equipment, inventory and fixtures owned by Seller and located on or at the Premises, or used in connection with the Premises (the "Personal Property").

(b) all leases and other agreements with respect to the use and occupancy of the Premises, together with all amendments and modifications thereto and any guaranties provided thereunder (individually, a "Lease", and collectively, the "Leases"), and rents, additional rents, reimbursements, profits, income, receipts becoming due following Closing and the amount deposited (the "Security Deposit") under any Lease in the nature of security for the performance of the obligations of the tenant or user (individually a "Tenant", and collectively, the "Tenants") under the Leases;

(c) all trademarks and tradenames used or useful in connection with the Premises, including without limitation the name 500 West Putnam Avenue and any other name by which the Premises is commonly known, and all goodwill, if any, related to said names, all for which Purchaser shall have the sole and exclusive rights (collectively, the "Tradenames");

(d) all permits, licenses, guaranties, approvals, certificates and warranties relating to the Premises and the Personal Property (collectively, the"Permits and Licenses"), all of Seller's right, title and interest in and to those contracts and agreements for the servicing, maintenance and operation of the Premises ("Service Contracts") and telephone numbers in use by Seller at any of the Premises (together with the Permits and Licenses and the Service Contracts, the "Intangible Property");

(e) all promotional material, marketing materials, brochures, photographs (collectively,"Promotional Materials"), books, records, tenant data, leasing material and forms, past and current rent rolls for the past three years, files, statements, tax returns for the past three years, market studies, keys, plans, specifications, reports, tests and other materials of any kind owned by or in the possession of Seller which are or may be used by Seller in the use and operation of the Premises or Personal Property (collectively, and together with the Promotional Materials, the "Books and Records"); and

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

The Premises, the Personal Property, the Leases, the Tradenames, the Intangible Property, the Books and Records and the other property interests being conveyed hereunder are hereinafter collectively referred to as the

"Property". Notwithstanding the conveyance by Seller to Purchaser of the Books and Records, Purchaser, following closing hereunder shall permit Seller to inspect and copy all or portions of such Books

and Records in connection with the audit or examination by any taxing authority of any of Seller's tax returns.

1.03 Seller shall convey and Purchaser shall accept the Property in accordance with the terms of this contract, subject only to the matters set forth in Schedule B attached hereto, inclusive of the NYL Mortgage (as hereinafter defined), (collectively, "Permitted Exceptions").

1.04 Simultaneously with the Closing hereunder, Cecio Properties Limited Partnership ("CPLP") shall convey to Purchaser fee simple title to the Land in accordance with the terms and conditions of this agreement provided, nevertheless, that Seller and CPLP shall, simultaneously upon closing hereunder, terminate the Leasehold and upon such termination, the Premises shall be conveyed by CPLP to Purchaser in accordance with the provisions of this Agreement and CPLP shall thereupon be deemed the "Seller" for all purposes of this Agreement. Notwithstanding the termination, both Seller and CPLP shall proceed in accordance with the terms of this Agreement to effectuate its intent.

Section 2

Purchase Price, Acceptable Funds, Existing Mortgages, and Escrow of Downpayment

2.01 The purchase price ("Purchase Price") to be paid by Purchaser to Seller and CPLP (to be allocated between them pursuant to a separate agreement) for the Premises is $18,025,000.00. The Purchase Price shall be paid as follows:

a) Upon the signing of this Agreement, by the delivery, subject to collection, of the sum of $250,000.00 payable to Pryor, Cashman, Sherman & Flynn ("Escrowee"), the receipt of which is hereby acknowledged by Escrowee (such sum and all interest accrued on all such sums shall become a part of and referred to as the "Deposit"); and

b) Upon closing of title in accordance with the terms hereof, the balance of the Purchase Price shall be paid by Purchaser to Seller as follows: (i) by Purchaser accepting all other rights of Seller in and to the Premises, subject to a certain mortgage (the "NYL

Mortgage") dated September 21, 1990, recorded in Book 2070 at Page 142 of the Greenwich Land Records and (ii) by payment to Seller, by unendorsed certified or official bank check payable to Seller or, at Seller's option, by wire transfer to an account designated by Seller, in an amount equal to the difference between the unpaid balance of the Purchase Price and the unpaid principal balance of the NYL Mortgage due at the time of Closing; plus or minus prorations as provided herein and any unpaid amounts due or owing under the NYL Mortgage, other than the principal balance, both as of the Closing Date.

2.02 (a) The sum payable pursuant to Section 2.01(a) hereof shall be paid to Escrowee, to be held in escrow in a special bank account until the Closing or sooner termination of this Agreement, and Escrowee shall pay over or apply such proceeds in accordance with the terms of this section. Escrowee shall hold such sums in an interest-bearing account and all such interest shall be paid to Purchaser, unless the Deposit is to be paid to Seller as provided herein on account of Purchaser's default, in which event the interest shall be paid to Seller. The party receiving such interest shall pay any income taxes thereon. At the Closing, such sums shall be paid by Escrowee to Seller. If for any reason the Closing does not occur and either party makes a written demand upon Escrowee for payment of such amount, Escrowee shall give written notice to the other party of such demand. If Escrowee does not receive a written objection from the other party to the proposed payment within ten (10) business days after the giving of such notice, Escrowee is hereby authorized to make such payment. If Escrowee does receive such written objection within such ten (10) day period, Escrowee shall continue to hold such amount until otherwise directed by written instructions from the parties to this Agreement or a final judgment of a court. However, Escrowee shall have the right at any time to deposit the escrowed sums and interest thereon, if any, with the clerk of the highest court of original jurisdiction of the county in which the Land is located. Escrowee shall give written notice of such deposit to Seller and Purchaser. Upon such deposit, Escrowee shall be relieved and discharged of all further obligations and responsibilities hereunder. In no event shall the firm of Pryor, Cashman, Sherman & Flynn be disqualified from continuing to act as

Purchaser's attorney by virtue of having acted as Escrowee hereunder.

(b) The parties acknowledge that Escrowee is acting solely as a stakeholder at their request and for their convenience, that Escrowee shall not be deemed to be the agent of either of the parties, and that Escrowee shall not be liable to either of the parties for any act or omission on its part unless taken or suffered in bad faith, or involving gross negligence. Seller and Purchaser shall jointly and severally indemnify and hold Escrowee harmless from and against all costs, claims and expenses, including reasonable attorneys' fees incurred in connection with the performance of Escrowee's duties hereunder, except with respect to actions or omissions taken or suffered by Escrowee in bad faith, or involving gross negligence on the part of Escrowee.

(c) Escrowee has acknowledged its agreement to these provisions, and does in addition agree to submit itself to the jurisdiction of the Superior Court of the State of Connecticut in any controversy relating to the Deposit, by signing in the place indicated on the signature page of this Agreement.

(d) In the event Purchaser fails to perform on the Closing Date, Purchaser's sole liability and Seller's sole recourse shall be limited to the amount of the Deposit. Seller agrees that retention of the Deposit constitutes fixed and liquidated damages resulting from Purchaser's default, and Seller waives any other claim, at law or in equity, either against Purchaser or against any person, known or unknown, disclosed or undisclosed.

(e) (i) If, after complying with the terms of this Agreement, Seller is unable to convey title in accordance with the terms of this Agreement, Purchaser shall have the right to terminate this Agreement. In such event, neither party shall have any further rights or obligations hereunder other than those which are expressly stated herein to survive any such termination, the Deposit shall be returned to Purchaser and Seller shall refund to Purchaser all charges made for (a) examining the title to all of the Real Property, (b) any appropriate additional municipal searches made in accordance with this Agreement, and (c) survey and survey inspection charges, which refund obligation shall survive said termination.

(ii) In the event of any default on the part of the Seller, Purchaser shall have the right to terminate this Agreement or commence an action seeking specific

performance.

(iii) In the event of a wilful default on the part of the Seller, Purchaser shall be entitled to any and all of its rights and remedies at law or in equity.

Section 3

The Closing

3.01 Except as otherwise provided in this Agreement, the closing of title pursuant to this Agreement ("Closing") shall take place on the fifteenth (15th) day next following the expiration of the Inspection Contingency Period (as defined in Section 4.01), but in no event any later than January 30, 1998, at 10:00 A.M. (the actual date of the Closing being herein referred to as "Closing Date") at the offices of Seller's attorney, Fogarty Cohen Selby & Nemiroff LLC, 88 Field Point Road, Greenwich, CT 06830.

Section 4

Contingencies

4.01 Purchaser's obligations hereunder are contingent upon satisfaction of the following condition not later than forty-five (45) days next following the date of this Agreement (said forty-five (45) day period being referred to herein as the "Inspection Contingency Period"): Satisfaction of Purchaser, in Purchaser's sole discretion of the results of Purchaser's inspection and assessment of the Premises, including without limitation, environmental, soil tests and borings, groundwater tests and investigations, physical, structural, sub-surface soil, zoning, regulatory and financial aspects of the Premises and its present or proposed use and occupancy, and such other tests, investigations or studies as Purchaser, in its sole discretion, determines is necessary. All such inspections and assessments shall be conducted at Purchaser's sole cost and expense. Seller, at no cost to Seller, shall cooperate with Purchaser in such inspection of the Premises and shall permit Purchaser access to the Premises and to Sellers' books and records relating to the Premises including, without limitation environmental reports and studies. In addition, Seller will deliver to Purchaser, promptly after request, true and complete copies of all test borings, Environmental Documents (as defined in Section 5.23(d)), surveys, title materials and engineering and architectural data and the like relating to the Premises that are in Seller's possession or under its control. In the event

any additional similar materials or information come within Seller's possession or control after the date of this Agreement, Seller shall promptly submit true and complete copies of the same to Purchaser. All such rights of access shall be exercised at reasonable times and upon reasonable prior notice to Seller and

shall be exercised in a manner which will not cause damage to the Premises nor interfere in any material respect with the operation of any Building tenant, and Purchaser shall repair and restore any portion of the surface of the Premises disturbed by Purchaser, its agents or contractors during the conduct of any test or study to substantially the same condition as existed prior to such disturbance. Such right of access shall include, without limitation, the right to perform studies, tests, borings, investigations and inspections for the purposes described in Section 4. Provided that Purchaser shall first deliver to Seller a detailed workplan showing the location of all borings studies, investigations and testing to be performed by or on behalf of Purchaser, Seller shall notify Purchaser of any dangerous conditions on the Premises, including, without limitation, conditions which due to the nature of the borings, studies, investigations, inspections or testing to be performed by or on behalf of Purchaser may pose a dangerous condition to Purchaser or Purchaser's agents and contractors. Such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of the breach of any representation, warranty, covenant or agreement of Seller which might, or should, have been disclosed by such inspection.

4.02 Purchaser shall, prior to the expiration of the Inspection Contingency Period, give written notice to Seller if Purchaser, decides to terminate this Agreement for any reason. This Agreement shall be terminated if Purchaser shall fail to give written notice ("Continuation Notice") to Seller not later than 5:00 p.m. of the last day of the Inspection Contingency Period, to Seller and to Escrowee that Purchaser elects to continue the effectiveness of this Agreement, and in the absence of such written notice, the Deposit shall be returned to Purchaser and thereupon no party hereto shall have any further rights or obligations hereunder but shall be released therefrom. In the event that Purchaser shall so give to Seller such Continuation Notice, this Agreement shall remain in full force and effect, and Purchaser shall have no further right to terminate this Agreement pursuant to this Section 4. However, Purchaser shall continue to have the rights of access and inspection set forth in this Section 4.

Section 5

Representations and Warranties of Seller

Seller makes the following representations and warranties, to Seller's best knowledge and information, none of which shall survive Closing, except to the extent provided in Section 5.24:

5.01 Seller is the sole owner of the Leasehold and, CPLP is the sole owner of the Land, and subject only to the consent of the mortgagee under the NYL Mortgage, each has full right, power and authority to enter into, and consummate the transactions contemplated by this Agreement.

5.02 The information concerning the Leases and Tenants set forth in Schedule C attached hereto ("Lease Abstracts") is accurate as of the date set forth therein or, if no date is set forth therein, as of the date hereof, and there are no Leases or Tenancies or subleases or subtenants of any space in the Premises other than those set forth therein. Except as otherwise set forth in the Lease Abstracts or elsewhere in this Agreement:

(a) all of the Leases are in full force and effect and none of them has been modified, amended or extended;

(b) no renewal or extension options have been granted to tenants except as provided for in the Leases;

(c) no tenant has an option to purchase the Premises;

(d) the rents referred to in the Lease Abstracts are being collected on a current basis and there are no arrearages in excess of one month;

(e) except as set forth in the Lease Abstracts, no tenant is entitled to rental concessions, offsets, allowances or abatements for any period subsequent to the scheduled Closing Date;

(f) Seller has not sent written notice to any tenant claiming that such tenant is in default, which default remains uncured;

(g) no action or proceeding instituted against Seller by any tenant of the Premises is presently pending in any court, except with respect to claims involving personal

injury or property damage which are covered by insurance;

(h) there are no security deposits other than those set forth in the Lease Abstracts;

(i) Schedule F sets forth all real estate brokerage commissions which may be due and payable with respect to any renewal or extension options in connection with the Tenancies ("Renewal Commissions") or

any tenant improvement work, credits, payments or allowances which are currently due and owing upon a renewal or extension of a Lease;

(j) True, correct and complete copies of the Leases, and all subleases in Seller's possession, have been provided to Purchaser. The Leases constitute all of the Leases, tenancies or occupancies affecting the Premises on the date hereof, and there are no agreements which confer upon any Tenant or any other person or entity, any rights with respect to the Property; and

(k) No Tenant has sent a written notice of default to Seller, as Landlord, which default remains uncured..

5.03 Schedule D annexed hereto and made a part hereof lists all insurance policies presently affording coverage with respect to the Premises, and the information contained therein is accurate as of the date hereof.

5.04 Schedule E annexed hereto and made a part hereof lists all service, maintenance, supply and management contracts ("Service Contracts") and such schedule lists all of such contracts affecting the Premises, and the information set forth therein is accurate as of the date hereof.

5.05 There are no leased fixtures on the Premises unless otherwise indicated in this Agreement.

5.06 Seller has performed all of the obligations and observed all of the covenants required of the landlord under the Leases. All work, alterations, improvements or installations required to be made for or on behalf of all Tenants under the Leases have in all respects been carried out, performed and complied with, and there is no agreement with any Tenant for the performance of any work to be done in the future. No work has been performed at the Building which would require an amendment to the certificate of occupancy for the Building, and any and all work performed at the Property to the date hereof and to the Closing Date has been and will be in accordance with the rules, laws and regulations of all

applicable authorities. All bills and claims for labor performed and materials furnished to or for the benefit of the Premises will be paid in full on the Closing Date.

5.07 There are no contracts or agreements affecting the Premises or the operation thereof, except the Service Contracts, the Leases and a management contract with Cecio Management Company. True, accurate and complete copies of the Service Contracts have been initialed by the parties. All of the Service Contracts are and will on the Closing Date be unmodified and in full force and effect without any default or claim of default by any of the parties thereto. All sums presently due and payable by Seller under the Service Contracts have been fully paid and all sums which become due and payable between the date hereof and the Closing Date shall be fully paid on the Closing Date. All of the Service Contracts may be terminated on not more than thirty (30) days notice without the payment of any fee or penalty, except for the HVAC Maintenance Contract (annual) and Fire System Contract (annual). The Management agreement with Cecio Management Company will be terminated as a condition of Closing.

5.08 The Permits and Licenses include all certificates, licenses, permits and authorizations, issued to Seller, including without limitation any Permits and Licenses relating to any environmental matters, necessary to operate and occupy the Building or legally required in operating and occupying buildings similar to the Building, all of which Permits and Licenses are listed on Schedule 5.08, along with the expiration date of same. Seller has not received any notice that any of the Permits and Licenses are subject to, or in jeopardy of, revocation or non-renewal. Seller is current in the payment of any fees required to be paid for the Permits and Licenses. All Permits and Licenses are in full force and effect, are transferable with the Premises, as the case may be, without additional payment by Purchaser, and shall, upon closing, be transferred to Purchaser by Seller.

5.09 There are no actions, suits, labor disputes, litigation or proceedings currently pending or, to the knowledge of Seller, threatened against or related to Seller or to all or any part of the Premises, the environmental condition thereof, or the operation thereof, nor does Seller know of any basis for any such action.

5.10 Except as referred to in Schedule 5.10, there are no outstanding requirements or recommendations by (i) the insurance company(s) currently insuring the Premises; (ii) any

board of fire underwriters or other body exercising similar functions, or (iii) the holder of any mortgage encumbering any of the Premises, which require or recommend any repairs or work to be done on the Premises, nor is there any capital expenditure program currently in process or anticipated to be completed.

5.11 Except as referred to in Schedule 5.11, Seller has received no written notice and has no knowledge of (i) any pending or contemplated annexation or condemnation proceedings, or private purchase in lieu thereof, affecting or which may affect the Premises, or any part thereof, (ii) any proposed or pending

proceeding to change or redefine the zoning classification of all or any part of the Premises, (iii) any proposed or pending special assessments affecting the Premises or any portion thereof, (iv) any penalties or interest due with respect to real estate taxes assessed against the Premises and (v) any proposed change(s) in any road or grades with respect to the roads providing a means of ingress and egress to the Premises. Seller agrees to furnish Purchaser with a copy of any such notice received within two (2) days after receipt.

5.12 Seller has provided Purchaser with all reports, including without limitation, the Environmental Documents, in their possession or under their control related to the physical condition of the Premises and upon request, will make available to Purchaser for inspection and copying, all Books and Records necessary for Purchaser to conduct its due diligence of the Premises.

5.13 Seller has no knowledge of any notices, suits, investigations or judgments relating to any violations of any laws, ordinances or regulations affecting the Premises, (including, without limitation, Environmental Laws [as defined in Section 5.23(d)]) or any violations or conditions that may give rise thereto, and has no reason to believe that any Governmental Authority (as defined in Section 5.23(d)) contemplates the issuance thereof, and there are no outstanding orders, judgments, injunctions, decrees, directives or writs of any Governmental Authorities against or involving Seller or the Premises.

5.14 There are no employees of Seller working at or in connection with the Premises. There are not any union agreements executed by Seller affecting the Premises as of the date hereof, nor shall any such agreements affect the Premises as of the Closing Date.

5.15 Annexed hereto as Schedule F is a schedule of all leasing commission obligations affecting the Premises. The respective obligations of Seller and Purchaser with respect to said commissions are set forth in Section 7.03.

5.16 Seller has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy nor suffered the filing of any involuntary petition by its creditors, suffered the appointment of a receiver to take possession of all, or substantially all, of its assets, nor suffered the attachment or other judicial seizure of all, or substantially all, of such assets, nor admitted in writing its inability to pay its debts as they come due nor made an offer of settlement, extension or composition to its creditors generally.

5.17 The Personal Property is now owned and will on the Closing Date be owned by Seller free and clear of any conditional bills of sale, chattel mortgages, security agreements or financing statements or other security interests of any kind.

5.18 No portion of the Premises is located in a flood plain.

5.19 Seller has delivered true, correct and complete copies of the NYL Mortgage loan documents to Purchaser and is not in default thereunder. Any and all payments due under the NYL Mortgage have been paid and are current.

5.20 Seller is a duly organized and validly existing general partnership organized under the laws of the State of Connecticut, is duly authorized to transact business in the State of Connecticut, CPLP is a duly organized and validly existing limited partnership organized under the laws of the State of Connecticut, and each has, subject to the provisions in Section 5.01, all requisite power and authority to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by it hereunder, and to perform its obligations hereunder and under such other documents and instruments in order to sell the Premises in accordance with the terms and conditions hereof. All necessary actions of the partners of Seller and CPLP to confer such power and authority upon the persons executing this Agreement and all documents which are contemplated by this Agreement on its behalf have been taken.

5.21 This Agreement, when duly executed and delivered, will be the legal, valid and binding obligation of Seller and CPLP enforceable in accordance with the terms of this

Agreement. The performance by Seller and CPLP of their respective duties and obligations under this Agreement and the documents and instruments to be executed and delivered by them hereunder will not conflict with, or result in a breach of, or default under, any provision of any of the organizational documents of Seller or CPLP or any agreements, instruments, decrees, judgments, injunctions, orders, writs, laws, rules or regulations, or any determination or award of any court or arbitrator, to which Seller or CPLP is a party or by which their respective assets are or may be bound. In the event that NYL does not give such consent, either party, upon notice to the other prior to the Closing Date, shall have the right to terminate this Agreement. Purchaser, nevertheless, has the right to negate any such termination by Seller and proceed to Closing hereunder, provided that Purchaser indemnifies and holds Seller, CPLP and their respective partners, harmless from any and all loss or damage, including reasonable attorney's fees, pursuant to the NYL Mortgage.

5.22 No representation or warranty made by Seller or CPLP contained in this Agreement, and no statement contained in any document, certificate, Schedule or Exhibit furnished or to be furnished by or on behalf of Seller to Purchaser or any of its designees or affiliates pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading or necessary in order to fully and fairly provide the information required to be provided in any such document, certificate, Schedule or Exhibit.

5.23 In addition to the foregoing, Seller hereby warrants and represents the following with respect to environmental matters:

(a) Except as disclosed in any Environmental Document delivered by Seller to Purchaser:

(i) there are no Contaminants (as defined in Section 5.23(d)) on, under, at, emanating from or affecting the Premises, except those in compliance with all applicable Environmental Laws (as defined in Section 5.23(d));

(ii) neither Seller, or to its knowledge, any current or prior occupant, nor, to its knowledge, any current or prior owner of the Premises has received any Notice (as defined in Section 5.23(d)) or advice from any Governmental Authority (as defined in Section 5.23(d)) or any other third

party with respect to Contaminants on, under, at, emanating from or affecting the Premises, and, to Seller's knowledge, no Contaminants have been Discharged (as defined in Section 5.23(d)) which would allow a Governmental Authority to demand that a cleanup be undertaken;

(iii) no portion of the Premises has ever been used by Seller, or to its knowledge, any current or former owner or current or former occupant to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other third party with respect thereto;

(iv) Seller has not transported any Contaminants, nor to its knowledge has any current or former occupant or current or former owner transported Contaminants from the Premises to another location which was not done in compliance with all applicable Environmental Laws;

(v) no ss.104(e) informational request has been received by Seller issued pursuant to CERCLA (as defined in Section 5.23(e));

(vi) there is no asbestos or asbestos containing material in any friable state or otherwise in violation of Environmental Laws on the Premises;

(vii) all transformers and capacitators containing polychlorinated biphenyls ("PCBs"), and all "PCB Items", as defined in 40 C.F.R. ss.761.3, located on or affecting the Premises, are in compliance with all Environmental Laws;

(viii) there are no above ground storage tanks or Underground Storage Tanks (as defined in Section 5.23(e)) at the Premises, regardless of whether such tanks are regulated tanks or not;

(ix) all pre-existing above ground storage tanks and Underground Storage Tanks at the Premises have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(x) the Premises has not been used as a solid waste facility or a solid waste disposal area, including, without limitation, a sanitary landfill facility, as defined in the Connecticut Solid Waste Management Act, Conn. Gen. Stat. Ann.
ss.22a-446d et seq.;

(xi) Seller, and, to Seller's knowledge, each occupant of the Premises have all environmental certificates, licenses and permits ("Permit") required to operate the Premises and there is no violation of any statute, ordinance, rule, regulation, order, code, directive or requirement, including, without limitation, Environmental Laws, with respect to any Permit, nor any pending application for any Permit;

(xii) there are no federal or state liens as referred to under CERCLA or Conn. Gen. Stat. Ann. ss.22a-452a, as amended, Pub. L. No. 97-218 or any other Environmental Laws that have attached to the Premises;

(xiii) to Seller's knowledge, all current and prior owners of the Premises have complied with the Transfer Act (as defined in Section

5.23(e));

(xiv) Seller has not, to its knowledge, engaged in any activity on the Premises in violation of Environmental Laws;

(xv) the transfer of the Premises by Seller to Purchaser is not subject to the Connecticut Transfer Act;

(xvi) there are no engineering or institutional controls at the Premises, including without limitation, any deed notice, declaration of environmental land use restriction, groundwater classification exception area, well restriction area or other notice or use limitation pursuant to Environmental Laws; and

(xviii) the Premises is not subject to any wetlands regulations, administered by the United States of America, Army Corps of Engineers, the Environmental Protection, the DEP or any other federal, state, county or local Governmental
Authority (as defined in Action 5.23(d)).

(b) Contemporaneously with the execution of this Agreement, and subsequently promptly upon receipt by Seller, or its representatives, Seller shall deliver to Purchaser: (i) all Environmental Documents concerning the Premises generated by or on behalf of predecessors in title or former occupants of the Premises to the extent in Seller's possession or control; (ii) all Environmental Documents concerning the Premises generated by or on behalf of Seller, whether currently or hereafter existing; and (iii) all Environmental Documents concerning the Premises generated by or on behalf of

current or future occupants of the Premises to the extent in Seller's possession or control, whether currently or hereafter existing.

(c) Seller shall notify Purchaser in advance of all meetings scheduled between Seller or Seller's representatives and DEP, and Purchaser, and Purchaser's representatives shall have the right, without obligation, to attend and participate in all such meetings.

(d) The following terms shall have the following meanings when used in this Agreement:

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

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

(iii) "Environmental Documents" shall mean all environmental documentation in the possession or under the control of Seller concerning the Premises, or its environs, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans

and reports, remedial action plans and reports, or the equivalent, sampling results, sampling result reports, data, diagrams, charts, maps, analysis, conclusions, quality assurance/quality control documentation, correspondence to or from any Governmental Authority, submissions to any Governmental Authority and directives, orders, approvals and disapprovals issued by any Governmental Authority.

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

(v) "Governmental Authority" shall mean the federal, state, county or municipal government, or any department, agency, bureau or other

similar type body obtaining authority therefrom, or created pursuant to any law.

(vi) "DEP" shall mean the Connecticut Department of Environmental Protection or its successor.

(vii) "Notice" shall mean, in addition to its ordinary meaning, any written communication of any nature, whether in the form of correspondence, memoranda, order, directive or otherwise.

(viii) "Tank Laws" shall mean the Connecticut Underground Petroleum Storage Act, Conn. Gen. Stat. Ann. ss.22a-449a et seq., and the federal underground storage tank law (Subtitle I) of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.6901 et seq., together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

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

(x) "Transfer Act" shall mean the Connecticut Transfer Act, Conn. Gen. Stat. Ann. ss.22a-134 et seq., the regulations promulgated thereunder and any amending and successor legislation and regulations now or hereafter

existing.

5.24 All representations, warranties, covenants and agreements made by Seller and CPLP in this Agreement shall survive the Closing Date for a period of six (6) months, and, for such six month period, shall not be merged in the delivery of the Deed. Seller and CPLP agree to indemnify and defend Purchaser, and to hold Purchaser harmless, from and against any and all claims, liabilities, losses, deficiencies and damages as well as reasonable expenses (including attorney's, consulting and engineering fees), and interest and penalties related thereto, incurred by Seller, by reason of or resulting from any breach, inaccuracy, incompleteness or nonfulfillment of the representations, warranties, covenants and agreements of Seller and CPLP contained in this Agreement. Notwithstanding any contrary or consistent provision of this Agreement, in no event shall the aggregate liability of Seller and CPLP arising by virtue of any breach, inaccuracy, incompleteness or nonfulfillment of (a) the representations, warranties, covenants and agreements contained in all portions of this Agreement, except those set forth in Sections 5.23 and 8.16 exceed $500,000.00 and (b) the representations, warranties, covenants and agreements contained in Section 5.23 and 8.16 exceed $500,000.00; and in no event shall Seller or CPLP have any liability of any nature whatsoever for any breach of representation or warranty asserted by Purchaser if, prior to Closing, Purchaser had actual knowledge of the matter giving rise to Purchaser's claims. For the purposes of the preceding sentence, "actual knowledge" shall refer to the actual knowledge of Purchaser's principal representative in this transaction, who Purchaser represents to be Andrew Greenspan, and shall include but not be limited to all information contained herein and in documents and materials provided by Seller to such principal representative.

Section 6

Acknowledgments of Purchaser

Purchaser acknowledges that, subject to Purchaser's satisfaction of the inspection contingency referred to in Section 4, and except as provided in this Agreement, Purchaser shall accept the Premises "as is" and in their present condition, subject to reasonable use, wear and tear, and, subject to the provisions of Section 18, casualty loss occurring between the date of this Agreement and the Closing Date. In entering into this Agreement, Purchaser has not been induced by and has not relied on any representation or

statement, express or implied, made by Seller or any person representing or purporting to represent Seller, except as specifically set forth in this Agreement.

Section 7

Seller's Obligations as to Leases

7.01 Between the date of this Agreement and the Closing, Seller shall not, without Purchaser's prior written consent: (a) amend, renew or extend any Lease or Tenancy in any respect, unless required by law; or (b) terminate any Lease or Tenancy except by reason of a default by the tenant thereunder.

7.02 Unless otherwise provided in a schedule attached to this Agreement,

between the date of this Agreement and the Closing, Seller shall not permit occupancy of, or enter into any new lease for, space in the Building which is presently vacant or which may hereafter become vacant. Seller shall not grant any concessions, offsets, allowances or rent abatements for any period following the Closing without Purchaser's prior written consent.

7.03 All leasing commissions due on account of the original term of all Leases made before the date of this Agreement and extensions and renewals which are presently effective (but not renewals or extensions of such leases which are exercised after the Closing Date) shall be paid by Seller and Seller shall hold Purchaser harmless with respect thereto. All leasing commissions on account of extensions or renewals of Leases made after the Closing Date shall be paid by Purchaser and Purchaser shall hold Seller harmless with respect thereto. All tenant improvement obligations arising in respect to any lease terms currently in effect shall be satisfied prior to the Closing Date. The provisions of this Section shall survive the Closing.

Section 8

Covenants of Seller

Seller covenants that between the date of this Agreement and the Closing:

8.01 Seller shall not modify or amend any Service Contract or enter into any new service contract unless the same is terminable without penalty by Seller or its successor upon not more than 30 days' notice. Simultaneously upon Closing, Seller will terminate any Service Contracts of which Purchaser advises

Seller to so terminate, and which are so terminable, in accordance with Section 5.01, at Seller's sole cost and expense. Seller shall terminate any management agreements and/or contracts affecting the Premises.

8.02 Seller shall maintain in full force and effect until the Closing the insurance policies described on Schedule D annexed hereto.

8.03 No fixtures, equipment or personal property included in this sale shall be removed from the Premises.

8.04 Seller shall not withdraw, settle or otherwise compromise any protest or reduction proceeding affecting real estate taxes assessed against the Premises for any fiscal period in which the Closing is to occur or any subsequent fiscal period or any prior period in which a settlement would affect any future period, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld. Seller represents that there are no such protests or proceedings currently pending. Real estate tax refunds and credits received after the Closing Date which are attributable to the fiscal tax year during which the Closing Date occurs shall be apportioned between Seller and Purchaser, after deducting the reasonable expenses of collection thereof, which obligation shall survive the Closing.

8.05 Seller shall allow Purchaser or Purchaser's representatives access to the Premises, the Leases, Service Contracts, Books and Records and other documents required to be delivered under this Agreement upon reasonable prior notice at reasonable times, provided that all such rights of access shall be exercised in a manner which will not cause damage to the Premises nor interfere in a material manner with the operations of any Building tenant.

8.06 Seller will not defer taking any action or spending any of its funds or otherwise manage the Premises differently due to the pending sale of the Premises. Seller shall operate and maintain the Premises in the ordinary course of business and shall use reasonable efforts to reasonably preserve for Purchaser the relationships between Seller and Seller's tenants, suppliers, managers, employees and others having a business relationship with Seller with respect to the Premises.

8.07 Seller shall not enter into any agreement requiring Seller to do work for any Tenant after the Closing Date without first obtaining the prior written consent of Purchaser.

8.08 Seller shall not cause or permit the Premises, or any

interest therein, to be alienated, mortgaged, licensed, encumbered or otherwise be transferred.

8.09 Seller will make all required payments under any the NYL Mortgage within any applicable grace period, but without reimbursement by Purchaser therefor except as provided in Section 12. Seller shall also comply with all other terms, covenants, and conditions of any mortgage on the Premises.

8.10 Seller shall not apply any security deposits with respect to any Tenant in occupancy on the Closing Date.

8.11 Seller shall permit Purchaser and its authorized representatives to inspect the Books and Records of its operations at all reasonable times. All Books and Records not conveyed to Purchaser hereunder shall be maintained for

Purchaser's inspection at Seller's address as set forth above.

8.12 Upon request of Purchaser at any time after the date hereof, Seller, at no cost to Seller, shall assist Purchaser in its preparation of audited financial statements, statements of income and expense, and such other documentation as Purchaser may reasonably request, covering the period of Seller's ownership of the Leasehold. If, to facilitate such audit or at Purchaser's request, Seller requires the services of its independent accountant, Purchaser shall be responsible for the costs thereof.

8.13 If prior to the Closing Date Seller shall have received from (i) any insurance company which issued a policy with respect to the Property, (ii) any board of fire underwriters or other body exercising similar functions, or (iii) the holder of any mortgage, any notice requiring or recommending any repair work to be done to the Property, Seller will do the same expeditiously and diligently at its own cost and expense prior to the Closing Date.

8.14 All violations of statutes, ordinances, rules, regulations, orders, codes, directives or requirements affecting the Property, whether or not such violations are now noted in the records of or have been issued by any Governmental Authorities shall be complied with by Seller prior to the Closing and the Property shall be conveyed free of any such violations, including, without limitation, violations of Environmental Laws.

8.15 Seller shall cause CPLP to convey to Purchaser, fee simple title to the Land simultaneously with Seller's delivery of the Property to Purchaser in accordance with the terms herein as set forth in Section 1.04, or, at Purchaser's option, the Leasehold between CPLP and Seller shall be terminated in

accordance with Section 1.04.

8.16 Seller shall:

(i) Promptly notify Purchaser of, and promptly deliver to Purchaser, a certified true and complete copy of any Notice Seller may receive, on or before the Closing Date, from any Governmental Authority, concerning a violation of Environmental Laws or Discharge of Contaminants;

(ii) At its own cost and expense, be responsible for the remediation of all Contaminants existing on, under, at, emanating from or affecting the Property, as of the date of Closing, in violation of Environmental Laws, regardless of the date of discovery, notwithstanding anything to the contrary set forth herein. In no event shall Seller's remediation involve any engineering or institutional controls, including, without limitation, capping, a deed notice, a declaration of environmental restrictions or other institutional control notice or a groundwater classification exception area or well restriction area. Any such remediation and associated activities shall be undertaken pursuant to a right of access agreement reasonably acceptable to Purchaser
and

(iii) Contemporaneously with the execution and delivery of this Agreement, and subsequently, promptly upon receipt by Seller or its representatives, deliver to Purchaser a certified true and complete copy of all Environmental Documents.

8.17 Notwithstanding any contrary or inconsistent provision contained in this Agreement, if the aggregate cost of completing the work required pursuant to Sections 8.13, 8.14 and 8.16 shall exceed $50,000.00 Seller, at its option may elect to terminate this Agreement upon notice to Purchaser and Escrowee, whereupon Escrowee shall immediately return to Purchaser the Deposit and all interest accrued thereon and thereupon no party shall any further rights or obligations hereunder. Upon receipt of Seller's notice, Purchaser shall have the option, upon notice to Seller, to negate Seller's termination and, in such event, at the Closing, Purchaser (a) shall accept the Property with no requirement on Seller's part to perform or complete such work, and (b) shall receive a credit against the Purchase Price in the amount of $50,000.

Section 9

Conditions to Closing

9.01 It shall be a condition to Purchaser's obligations pursuant to this Agreement that New York Life Insurance Company shall consent to the sale by Seller to Purchaser of the Premises subject to the NYL Mortgage and to the entering into of an assumption agreement in form and substance annexed hereto as Schedule 9.01.

9.02 Promptly upon the execution and exchange of this Agreement, Seller shall notify The New York Life Insurance Company of the proposed conveyance to Purchaser, and request the consent of The New York Life Insurance Company to such conveyance, in accordance with the requirements of The NYL Mortgage. Seller and Purchaser shall furnish The New York Life Insurance Company with such information as may reasonably be required in connection with such request and shall otherwise cooperate with The New York Life Insurance Company and with each other in an effort expeditiously to procure such consent. If The New York Life

Insurance Company shall fail or refuse to grant such consent in writing before the expiration of the Inspection Contingency Period, or shall require as a condition of the granting of such consent (i) that additional consideration be paid to The New York Life Insurance Company and neither Seller nor Purchaser is willing to pay such additional consideration, (ii) that the terms of the NYL Mortgage be changed and Purchaser is unwilling to accept such change, or (iii) execution of an assumption agreement incorporating provisions which are not consistent with those annexed hereto as Schedule 9.01, then Purchaser may terminate this Agreement by giving written notice of such election to terminate within five (5) business days next following the termination of the Inspection Contingency Period.

9.03 Seller shall, at Seller's sole cost and expense, comply with the Transfer Act with respect to the Premises prior to Closing.

9.04 The obligations of Purchaser to accept title to the Premises and to perform the other covenants and obligations to be performed by Purchaser on the Closing Date shall be subject to the following conditions (all or any of which may be waived, in whole or in part, by Purchaser):

(a) The representations and warranties made by Seller herein shall be true and correct in all respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

(b) Seller shall have performed all covenants and obligations undertaken by Seller herein in all respects and complied with all conditions required by this Agreement to be performed or complied with by it on or before the Closing Date.

(c) The Title Company is unconditionally prepared to issue to Purchaser a Title Policy meeting the requirements set forth in Section 13 hereof for an "insurable title".

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

(e) The Premises shall be in compliance with all Environmental Laws.

9.05 (a) On or following the date hereof, Seller agrees to deliver to each Tenant an estoppel certificate in the form annexed hereto as Schedule 9.05 for Tenant's execution, completed to reflect the Tenant's particular Lease status. Seller agrees to use reasonable efforts to obtain from all Tenants the estoppel certificates in such form; provided, however, that if any Tenant shall refuse to execute an estoppel letter in such form, Seller shall nevertheless be obligated to obtain estoppel certificates in the form in which each Tenant is obligated to deliver same as provided in its Lease. Seller agrees to deliver to Purchaser, upon receipt, copies of all estoppel letters received by Tenants, in the form received by Seller. The estoppel certificates required to be obtained pursuant to this Section 9.05 are collectively referred to as the "Estoppel Certificates".

(b) As a condition to Closing, Seller shall deliver (a) an Estoppel Certificate from each Tenant which leases space at the Building in excess of 10,000 square feet or more in the aggregate and (b) Estoppel Certificates from the remaining Tenants leasing at least seventy-five (75%) percent of the aggregate remaining square footage of the Building.

(c) For an Estoppel Certificate to be deemed delivered for purposes of this Agreement, it must certify that the Tenant's most recent rental payment under its Lease was made not more than one (1) month prior to the month in which the Closing occurs.

Section 10

Seller's Closing Obligations

At the Closing, Seller shall deliver the following to Purchaser:

10.01 (a) Evidence establishing to Purchaser's satisfaction that the Leasehold has been terminated in accordance with Section 1.04, and (b) a Special Warranty Deed, in recordable form executed by CPLP, and in proper form to assign and convey to Purchaser all other right, title and interest of Seller in and to the Premises, as required by this Agreement, together with checks for all conveyance taxes payable in connection therewith.

10.02 All original Leases and a duly executed and acknowledged assignment to Purchaser of said Leases, Security Deposits, and Intangible Property without recourse or warranty, other than as set forth herein.

10.03 A schedule updating the Lease Abstracts and setting forth all arrears in rents and all prepayments of rents and indicating that there has been no adverse change in the income or expenses of the Premises between the execution

of this Agreement and the Closing.

10.04 A schedule of all cash security deposits and a check or credit to Purchaser in the amount of such security deposits, including any interest thereon which accrues to the benefit of tenants, held by Seller on the Closing Date under the Lease together with other instruments of assignment, transfer and consent as may be necessary to permit Purchaser to realize upon same.

10.05 All Service Contracts in Seller's possession which are in effect on the Closing Date and which are assignable by Seller.

10.06 A duly executed and acknowledged assignment to Purchaser, without recourse or warranty, other than as set forth herein of all of the interest of Seller in those Service Contracts, and other documents to be delivered to Purchaser at the Closing which are then in effect and are assignable by Seller.

10.07 To the extent they are then in Seller's possession and not posted at the Premises, certificates, licenses, permits, authorizations and approvals issued for or with respect to the Premises by governmental and quasi-governmental authorities having jurisdiction.

10.08 Possession of the Premises in the condition required by this Agreement, and keys therefor.

10.09 Any other documents expressly required by this Agreement to be delivered by Seller or as may be reasonably required or appropriate to effectuate the consummation of the transactions contemplated by this Agreement.

10.10 The Original Estoppel Certificates.

10.11 A letter to Tenants advising the Tenants of the sale hereunder and directing that rent and other payments thereafter be sent to Purchaser or its designee, as Purchaser shall so direct.

10.12 A certificate indicating that the representations and warranties of Seller made in this Agreement are true and correct as of the Closing Date, or if there have been any changes, a description thereof.

10.13 Affidavits and other instruments, including but not limited to all organizational documents of Seller and Seller's general partner including operating agreements, filed copies of partnership agreements and good standing certificates, reasonably requested by Purchaser and the Title Company evidencing the power and authority of Seller to enter into this Agreement and any documents to be delivered hereunder, and the enforceability of same.

10.14 All proper instruments as shall be reasonably required for the conveyance to Purchaser of all right, title and interest, if any, of Seller in and to any award or payment made, or to be made, (i) for any taking in condemnation, eminent domain or agreement in lieu thereof of land adjoining all or any part of the Improvements, (ii) for damage to the Land or Improvements or any part thereof by reason of change of grade or closing of any such street, road, highway or avenue, and (iii) for any taking in condemnation or eminent domain of any part of the Land or Improvements.

10.15 A certificate signed by an officer or partner of Seller to the effect that Seller is not a "foreign person" as that term is defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to avoid the imposition of the withholding tax payment pursuant to Section 1445 of the Code.

10.16 All such transfer and other tax declarations and returns and information returns, duly executed and sworn to by

Seller as may be required of Seller by law in connection with the conveyance of the Premises to Purchaser, including but not limited to, Internal Revenue Service forms.

10.17 A statement setting forth the Purchase Price with all adjustments and proration shown thereon.

10.18 Any instruments reasonably required by Purchaser evidencing the assignment of the Tradenames.

10.19 A computer diskette containing this Agreement and any closing or other documents executed in connection with this transaction and prepared by Seller or its counsel, in WordPerfect or Microsoft Word format.

10.20 An agreement in form annexed hereto as Schedule F-2 pursuant to which Seller shall agree to and be responsible for all Renewal Commissions, the right to which accrued prior to Closing.

Section 11

Purchaser's Closing Obligations

At the Closing, Purchaser shall:

11.01 Deliver to Seller funds in payment of the portion of the Purchase Price payable at the Closing, in accordance with Section 2.01 and as adjusted for apportionments under Section 12.

11.02 Execute and deliver to New York Life Insurance Company all documents required by the New York Life Insurance Company in connection with its consents of the conveyance of the Premises to Purchaser in accordance with the requirements of the NYL Mortgage, provided such documents are in substantial conformity with those which shall be fully negotiated and agreed to by and between Purchaser and NYL during the Inspection Contingency Period.

11.03 Execute and deliver to Seller an agreement, in form annexed hereto as Schedule F-1, pursuant to which Purchaser shall agree and be responsible for all Renewal Commissions, the right to which shall accrue following Closing.

11.04 Execute and deliver to Seller an agreement, indemnifying and agreeing to defend Seller against any claims made by tenants with respect to tenant's security deposits to the extent paid or credited to Purchaser pursuant to Section 10.04.

11.05 Execute and deliver to Seller any other documents expressly required by this Agreement to be delivered by Purchaser.

Section 12

Apportionments

12.01 The following apportionments shall be made between the parties at the Closing as of the close of business on the day prior to the Closing Date: (a) real estate taxes on the basis of the fiscal period for which assessed; (b) prepaid rents and Additional Rents (as defined in Section 12.03); (c) interest on the NYL Mortgage; (d) value of fuel stored on the Premises, at the price then charged by Seller's supplier, including any taxes with respect thereto on the basis of a reading made within ten (10) days prior to the Closing by Seller's supplier; (e) utility charges payable by Seller, including, without limitation, electricity, water charges and sewer charges, on the basis of a meter reading made within five (5) days prior to the Closing; and (f) prepaid charges under transferrable Service Contracts.

12.02 If any tenant is in arrears in the payment of rent on the Closing Date, rents received from such tenant after the Closing shall be applied in the following order of priority: (a) first to the month in which the Closing occurred; (b) then to any month or months following the month in which the Closing occurred; and (c) then to the period prior to the month preceding the month in which the Closing occurred. If rents or any portion thereof received by Seller or Purchaser after the Closing are payable to the other party by reason of this allocation, the appropriate sum, less a proportionate share of any reasonable attorneys' fees, costs and expenses of collection thereof, shall be promptly paid to the other party, which obligation shall survive the Closing.

12.03. At the Closing, Seller shall deliver to Purchaser a list additional rent, however characterized, under each Lease, including without limitation, real estate taxes, electrical charges, utility costs and operating expenses (collectively, "Additional Rents") billed to Tenants for the calendar year in which the Closing occurs (both on a monthly basis and in the aggregate), the basis for which the monthly amounts are being billed and the amounts incurred by Seller on account of the components of Additional Rent for such calendar year. Upon the reconciliation by Purchaser of the Additional Rents billed to Tenants, and the amounts actually incurred for such calendar year, Seller and Purchaser shall be liable for overpayments of Additional Rents, and shall be entitled to payments from Tenants,

as the case may be, on a pro-rata basis based upon each party's period of ownership during such calendar year.

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

12.05 The provisions of this Section 12 shall survive the Closing Date.

Section 13

Objections to Title, Failure of Seller or Purchaser to Perform and Vendee's Lien

13.01 Purchaser has ordered an examination of title and shall cause a copy of the title report to be forwarded to Seller's attorney upon receipt.

13.02 If, upon the date for the delivery of the deed as hereinafter provided, the Seller shall be unable to deliver or cause to be delivered good and marketable title to said premises, subject only to the Permitted Exceptions,

then the Seller shall be allowed a reasonable postponement of closing not to exceed thirty (30) days, within which to perfect title. If at the end of said time the Seller is still unable to deliver or cause to be delivered a deed or deeds conveying a good and marketable title to said Premises, subject only to the Permitted Exceptions, then the Purchaser may elect to accept such title as the Seller can convey, without modification of the Purchase Price, or may reject such title, whereupon all sums paid on account hereof, together with any expenses actually incurred by the Purchaser for survey costs and title insurance costs shall be paid to the Purchaser without interest thereon. Upon such payment, this Agreement shall terminate and the parties hereto shall be released and discharged from all further claims and obligations.

13.03 If title to the Premises is subject to any lien or charge other than the Permitted Encumbrances, Seller agrees to use good faith efforts to cause the Premises to be subject only to the Permitted Encumbrances and in any event to cure, at its expense, (i) judgments against Seller, (ii) mortgages (other than the NYL Mortgage) or other liens which can be satisfied by payment of a liquidated amount and (iii) defects, objections or exceptions which can be removed by payments not to exceed one (1%) percent of the Purchase Price in the aggregate. Seller agrees and covenants that it shall not voluntarily place any defects, objections or exceptions to title to any of the Premises

from and after the date of the first issuance of the title commitment for said Premises.

13.04 It shall be a condition to Closing that Seller convey, and that the Title Company insure, title to the Premises in the amount of the Purchase Price (at a standard rate for such insurance) in the name of Purchaser or its designees, after delivery of the Deed, by a standard 1992 ALTA Owners Policy, with ALTA endorsements Form 3.1, Form 8.1, Form 9 and any other endorsements as required by Purchaser attached, free and clear of all liens, encumbrances and other matters, other than the Permitted Encumbrances (the "Title Policy"). The Title Company shall provide affirmative insurance that any (i) Permitted Encumbrances have not been violated, and that any future violation thereof will not result in a forfeiture or reversion of title; (ii) Purchaser's contemplated use of the Premises will not violate the Permitted Encumbrances; and (iii) the exception for taxes shall apply only to the current taxes not yet due and payable. Seller shall provide such affidavits, including title affidavits and survey affidavits of no change, and undertakings as the Title Company insuring title to the Premises may reasonably require. The words "insurable title" and "insurable" as used in this Agreement are hereby defined to mean title which is insurable at standard rates (without special premium) by the Title Company without exception other than the Permitted Encumbrances, provided that any additional premium payable with respect to the aforesaid affirmative insurance shall be Purchaser's obligation.

13.05 Any unpaid taxes, water charges, sewer rents and assessments, together with the interest and penalties thereon to a date not less than seven (7) business days following the Closing Date (in each case subject to any applicable apportionment), and any mortgages or other liens created by Seller, which Seller is obligated to pay and discharge pursuant to the terms of this Agreement, together with the cost of recording or filing of any instruments necessary to discharge such liens and such judgments, shall be paid at the Closing by Seller. Seller shall deliver to Purchaser, on the Closing Date, instruments in recordable form sufficient to discharge any such mortgages or other liens which Seller is obligated to pay and discharge pursuant to the terms of this Agreement.

13.06 If the Title Commitments disclose judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller, on request, shall deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against Seller, or any affiliates. Upon request by Purchaser, Seller shall

deliver any affidavits and documentary evidence as are reasonably required by the Title Company to eliminate the standard or general exceptions on the ALTA form Owner's Policy.

13.07 If, on the Closing Date, the Premises or any part thereof shall be or shall have been affected by an assessment or assessments which are or may become payable in annual install ments, of which the first installment is either then a charge or lien or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the Closing Date, shall be deemed to be due and payable and to be liens upon the Premises and shall be paid and discharged by Seller on the Closing Date.

Section 14

Broker

14.01 Purchaser represents and warrants to Seller that it has dealt with no real estate broker other than Gladstone Properties in connection with this Agreement and no other broker brought this transaction to Purchaser's attention.

Seller shall be responsible for all commissions payable to said broker, pursuant to a separate agreement. Seller represents to Purchaser that no other broker has an exclusive listing or brokerage agreement with respect to the sale to Purchaser of the Leasehold, the Premises or the Land. Seller and Purchaser shall indemnify and defend each other against any costs, claims or expenses, including attorneys' fees, arising out of the breach, as judicially determined, on their respective parts of any of their respective representations, warranties or agreements contained in this paragraph. The representations and obligations under this paragraph shall survive the Closing or, if the Closing does not occur, the termination of this Agreement.

Section 15

Notices

All notices under this Agreement shall be in writing and shall be delivered personally or shall be sent by prepaid registered or certified mail, addressed as set forth on the first page of this Agreement, or as Seller or Purchaser shall otherwise have given notice.

Section 16

Miscellaneous Provisions

16.01 This Agreement and the Schedules annexed hereto embodies and constitutes the entire understanding between the parties with respect to the transaction contemplated herein, and all prior agreements, understandings, representations and statements, oral or written, are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

16.02 This contract shall be governed by, and construed in accordance with, the law of the State of Connecticut.

16.03 The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

16.04 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, subject nevertheless to the provisions of Section 17.

16.05 This Agreement shall not be binding or effective until properly executed and delivered by both Seller and Purchaser.

16.06 As used in this Agreement, the masculine shall include the feminine and neuter, the singular shall include the plural and the plural shall include the singular, as the context may require.

16.07 Purchaser shall not record this Agreement, or any notice hereof. If Purchaser shall record or attempt to record this Agreement or any notice hereof, this Agreement shall immediately thereupon terminate and be of no further force or effect, and Seller shall retain the Downpayment as and for liquidated damages arising from Purchaser's said default.

16.08 This Agreement may be executed by the parties hereto in counterparts, all of which together shall constitute a single Agreement.

16.09 Each party shall, from time to time, execute,

acknowledge and deliver such further instruments, and perform such additional acts, as the other party may reasonably request in order to effectuate the intent of this Agreement. Nothing contained in this Agreement shall be deemed to create any rights or obligations of partnership, joint venture or similar association between Seller and Purchaser. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto, and without regard to or aid of canons requiring construction against Seller, Purchaser or the party whose counsel drafted this Agreement.

16.10 All references herein to any section, schedule or exhibit shall be to the sections of this Agreement and to the schedules and exhibits annexed hereto unless the context clearly dictates otherwise. All of the schedules and exhibits annexed hereto are, by this reference, incorporated herein.

16.11 In the event of any litigation or alternative dispute resolution between Seller and Purchaser in connection with this Agreement or the transaction contemplated herein, the non-prevailing party in such litigation or alternative dispute resolution shall be responsible for payment of all expenses and reasonable attorneys' fees incurred by the prevailing party.

Section 17

Assignment

In the event of any assignment by Purchaser of this Agreement or Purchaser's rights hereunder, (a) Purchaser shall, immediately upon such assignment, deliver to Seller an executed counterpart of the instrument of assignment which shall include the name and address of the assignee; and (b) Purchaser shall be and remain jointly and severally liable with such assignee for the performance of Purchaser's obligations hereunder.

Purchaser shall have the absolute right to assign this Agreement to an affiliate of Purchaser.

Section 18

Casualty Loss

18.01 If any time prior to the Closing Date any portion of the Property is destroyed or damaged as a result of fire or any casualty (a "Casualty"), Seller shall promptly give written notice ("Casualty Notice") thereof to Purchaser along with Seller's estimate, given in good faith, of the cost to repair as a result of the Casualty (the "Repair Cost"). If the Repair Cost

is in excess of $50,000.00, then within ten (10) days after the receipt of the Casualty Notice, Purchaser shall have the right, at its sole option, of terminating this Agreement by written notice to Seller given within ten (10) days after receipt of the Casualty Notice. If Purchaser does not terminate this Agreement, the proceeds of any insurance with respect to the Property paid between the date of this Agreement and the Closing Date plus the amount of Seller's deductible shall be paid to Purchaser at Closing, and all unpaid claims and rights in connection with losses to the Property shall be assigned to Purchaser at Closing and Purchaser shall accept the Property with no requirement on Seller's part to repair or replace any such casualty loss.

18.2 Seller shall cause all temporary repairs to be made to the Property as shall be required to prevent further deterioration and damage to the Property prior to the Closing date; provided, however, that any such repairs shall first be approved by Purchaser. Seller shall have the right to be reimbursed from the proceeds of any insurance with respect to the Property paid between the date of this Agreement and the Closing Date for the cost of all repairs.

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

Seller:
500 WEST PUTNAM ASSOCIATES

By:
A General Partner

By:
A Managing Partner

CECIO PROPERTIES LIMITED PARTNERSHIP

By:
A General Partner

By:
A General Partner

By:
A General Partner

By:
A General Partner

By:
A General Partner

By:
A General Partner

Purchaser:

CALI REALTY ACQUISITION CORPORATION

By:
President

Agreement by Escrowee

The undersigned hereby agrees to act as Escrowee pursuant to the provisions of Section 2 of the foregoing Agreement.

PRYOR, CASHMAN, SHERMAN &
FLYNN

By:

EXHIBIT NO. 10.138

PURCHASE AGREEMENT FOR REAL PROPERTY

AND ESCROW INSTRUCTIONS

This Purchase Agreement for Real Property and Escrow Instructions ("Agreement") is between IB Brell, L.P. ("Seller"), and Mack-Cali Realty, L.P. a Delaware Limited Partnership ("Buyer").

1. PURCHASE OF PROPERTY. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, the Property (as described in Paragraph 2.1), in consideration for the payment of the Purchase Price (as described in Paragraph 2.2), together with the respective promises of the parties set forth in this Agreement.

2. BASIC TERMS AND DEFINITIONS.

2.1 PROPERTY. The term "Property" shall mean: (i) the land ("Land") together with all improvements and buildings located on the Land, including the buildings ("Buildings") commonly referred to as 10 Mountainview Road, Upper Saddle River, Bergen County, New Jersey, as more particularly described on the attached Exhibit "A", (ii) Seller's leasehold rights in the leases with the tenants described on the attached Exhibit "B" ("Leases"), (iii) whatever rights Seller has in any easements, rights of way, and real property rights appurtenant to the Land, to the extent they are assignable (collectively, "Real Property Rights"), whatever rights Seller has in the Contracts, Warranties and Guaranties (as defined in Paragraph 13.1); (v) whatever rights Seller has in all personal property, fixtures, equipment and inventory owned by Seller and located on or at the Property, or used in connection with the Property (the "Personal Property"), specifically excluding any and all Property owned by tenant's in the Buildings and/or owned by the Buildings property management company, and (vi) whatever rights Seller has in any names to which the Property is commonly known, and any other intangible rights appurtenant to the Property. (Notwithstanding anything to the contrary contained in this Agreement, Seller is not transferring any rights or interests in: (1) the name or portion of the names "IB Brell," "K/B," "Koll," or "Bren", nor shall Buyer have any rights to use of the names or portions of the names "IB Brell," "K/B," "Koll," or "Bren" with regard to the Property or otherwise, (2) any Rents (as defined in Paragraph 7.4(a)) or other amounts payable by tenants under the Leases for periods prior to the Closing, (3) any Rents or other amounts

payable by any former tenants of the Property, and (4) any judgements, stipulations, orders, or settlements with any tenants under the Leases or former tenants of the Property for periods prior to closing ((1) through (4) collectively, the "Excluded Property").

2.2 PURCHASE PRICE. Twenty Four Million Five Hundred Thousand Dollars ($24,500,000.00) ("Purchase Price").

2.3 TERMS OF PURCHASE.

(a) The Deposit. Upon the full execution of this Agreement, a cashier's or certified check in the amount of Five Hundred Thousand Dollars ($500,000.00) (the "Deposit") shall be delivered to Escrow Holder by Buyer as a condition to the "Opening of Escrow" as provided in Paragraph 7.2. Escrow Holder shall place the Deposit in an interest-bearing account and all earned interest shall accrue to the Buyer's benefit, unless Seller is entitled to the Deposit as liquidated damages under Paragraph 6.5, in which event the interest shall accrue to Seller's benefit. For purposes of this Agreement, any accrued interest shall be deemed part of the "Deposit". Upon expiration of the Feasibility Period, if Buyer has not previously terminated this Agreement by its terms then the Deposit shall be disbursed as provided in Paragraph 6 or Paragraph 7.7 as applicable.

(b) Buyer's Cash at Closing. The balance of the Purchase Price less the amount of the Deposit, plus any other amounts to be paid by Buyer under this Agreement, shall be delivered to Escrow Holder by Buyer as provided in Paragraph 5.3.

2.4 EFFECTIVE DATE. The effective date of this Agreement is February 9, 1998 ("Effective Date").

2.5 OUTSIDE DATE. The last day that Closing may occur shall be February 12, 1998 at 5:00 p.m. ("Outside Date").

2.6 TITLE APPROVAL PERIOD. The "Title Approval Period" shall end on February 10, 1998 at 5:00 p.m.

2.7 FEASIBILITY PERIOD. The "Feasibility Period" shall end on February 10,1998 at 5:00 p.m.

2.8 ESCROW HOLDER. The escrow holder is Chicago Title Company ("Escrow Holder"), whose address is 16969 Von Karman, Irvine, California 92606, Escrow Officer: Joy Eaton; Telephone: (714) 263-0123; Telecopier: (714) 263-0356.

2.9 TITLE COMPANY. The title company is Chicago

Title Company ("Title Company") whose address is 16969 Von Karman, Irvine, California 92606, Title Coordinator: John Premac; Telephone: (714) 263-0123; Telecopier: (714) 263-0356.

3. CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE. Buyer's obligation to purchase the Property is subject to the satisfac tion or waiver of all the conditions set forth below (which are for Buyer's benefit) within the time periods specified and if no time period is specified by the Outside Date.

3.1 TITLE CONDITION.

3.1.1 Seller has requested from the Title Company a current ALTA coverage preliminary report for the Property (the "Preliminary Report"), together with copies of all documents available to the Title Company referenced as recorded exceptions in the Preliminary Report.

3.1.2 Buyer shall have until the last day of the Title Approval Period to secure from the Title Company a commitment for title insurance coverage in a form and with exceptions and endorsements acceptable to Buyer in its sole and absolute discretion (the "Title Policy"). By the end of the Title Approval Period, Buyer shall provide written notice to Seller and Escrow Holder as to whether Buyer has received from the Title Company a commitment for the Title Policy acceptable to Buyer in its sole and absolute discretion (either "Title Approval Notice" or "Title Rejection Notice"). In order to be effective, the Title Approval Notice, if given, shall also contain a copy of the Title Policy which will be required for purposes of satisfying Buyer's Paragraph 3.8 condition precedent to its performance. If Seller and Escrow Holder receive a Title Approval Notice from Buyer by the end of the Title Approval Period, this title condition shall be conclusively deemed satisfied in all respects. If Seller and Escrow Holder do not receive either form of written notice, or receive the Title Rejection Notice by the end of the Title Approval Period, Escrow and this Agreement shall terminate and the Deposit shall be returned to Buyer, as provided in Paragraph 6.3.

3.1.3 Upon the Close of Escrow, Buyer shall be deemed to have purchased the Property subject to the following:

(a) Any and all exceptions to title shown in the Title Policy;

(b) All matters which could be revealed or disclosed by physical inspection and an accurate survey of the Property;

(c) General, special and supplemental real property taxes and assessments not yet due and payable; and

(d) Any and all Leases, rights of vendors and holders of security interests on personal property installed upon the Property by tenants, and the rights of tenants to remove personal property and/or fixtures at the expiration of the term of such Leases.

3.1.4 Nothing in this Paragraph 3.1 shall obligate Buyer or Seller to expend any funds to cure any title defects unless the parties have expressly committed to do so in writing. However, if after the effective date of the Preliminary Report and the endorsements thereto (the last of which dated December 22, 1997, the Title Company supplements the Preliminary Report such that new monetary liens are shown as exceptions to the Title Policy, and such new monetary lien exceptions arose from written contracts executed by Seller, Seller shall cause such monetary lien exceptions to be removed from the Title Policy.

3.2 FEASIBILITY CONDITION.

3.2.1 Buyer shall have until 5:00 p.m. on the last day of the Feasibility Period to confirm, in Buyer's sole and absolute discretion, and at Buyer's sole expense, whether Buyer may feasibly acquire and use the Property for Buyer's intended purpose. During the Feasibility Period, Buyer shall, in addition to all other matters regarding the Property, have reviewed (or shall have assumed the risk of not reviewing) all of the following:

(a)
the physical condition of the Property;

(b)
the availability of all necessary utilities and gravity sewers and storm drains for the Property;

(c)
the Leases;

(d)
building inspection reports, roof inspection reports, building plans, HVAC inspection reports, soils reports, and engineering reports to the extent available;

(e)
income and expense statements to the extent available;

(f)
all permits and all applicable local, state and federal zoning ordinances, land use controls and regulations, and other rules, regulations and laws;

(g)
service contracts, tax bills and other written agreements or notices which affect the Property to the extent available;

(h)
the existing soil and environmental condition, both with regard to improvements, the Buildings, surface and subsurface, including the existence of toxic waste and hazardous substances;

(i)
the economic feasibility of Buyer's intended use of the Property;

(j)
the ability of Buyer to secure funds sufficient to purchase the Property; and

(k)
any other matters which are or may be relevant to Buyer's decision whether or not to purchase the Property.

3.2.2 By the end of the Feasibility Period, Buyer shall provide written notice to Seller and Escrow Holder as to whether Buyer approves (in its sole and absolute discretion) the feasibility of acquiring the Property (either "Feasibility Notice" or "Non-Feasibility Notice"). If Seller and Escrow Holder receive a Feasibility Notice from Buyer by the end of the Feasibility Period, this feasibility condition shall be conclusively deemed satisfied in all respects including Buyer's approval of each of the items set out in Paragraph 3.2.1. If Seller and Escrow Holder do not receive either form of written notice, or receive the Non-Feasibility Notice, by the end of the Feasibility Period, Escrow and this Agreement shall terminate, and the Deposit shall be returned to Buyer, as provided in Paragraph 6.3.

3.2.3 Prior to the Close of Escrow, or in the event the Close of Escrow never occurs, Buyer hereby agrees that any information (whether written or verbal), reports, materials, studies or other work product, which it now has or may obtain pursuant to the provisions of this Agreement, shall remain strictly confidential. Prior to the Close of Escrow, or in the

event the Close of Escrow never occurs, Buyer shall use reasonable efforts not to reveal the existence or contents of any such items to any of its employees, agents, representatives, or affiliates (except as reasonably required in connection with Buyer's evaluation of the Property) or to governmental or quasi-governmental agencies or bodies. Buyer and Seller, for themselves and their affiliates, subsidiaries, agents, and employees and retained professionals, agree to keep this Agreement and all of its terms confidential both prior to Close of Escrow and to not make any public announcements or public disclosures or communicate with any media with respect to the subject matter hereof without the prior written consent of the other party (in their sole and absolute discretion), provided, however, that each party shall have the right to make such disclosures as are required by law, including but not limited to required disclosures to the Securities and Exchange Commission, the New York Stock Exchange (which disclosure of this entire Agreement shall be made in printed or electronic fashion), or needed for the transaction to occur (e.g., consultants, capital sources, affiliates, officers, directors, shareholders and employees) which disclosures shall not include, unless specifically required by law, the identity of the Seller or the Purchase Price.

3.2.4 BUYER ACKNOWLEDGES THAT (1) BUYER HAS RECEIVED COPIES OF THE ENVIRONMENTAL REPORTS LISTED ON EXHIBIT J ATTACHED HERETO (2) IF SELLER DELIVERS ANY ADDITIONAL ENVIRONMENTAL REPORTS TO BUYER, BUYER WILL ACKNOWLEDGE IN WRITING THAT IT HAS RECEIVED SUCH REPORTS PROMPTLY UPON RECEIPT THEREOF, AND (3) ANY ENVIRONMENTAL REPORTS DELIVERED OR TO BE DELIVERED BY SELLER OR ITS AGENTS OR CONSULTANTS TO BUYER ARE BEING MADE AVAILABLE SOLELY AS AN ACCOMMODATION TO BUYER AND MAY NOT BE RELIED UPON BY BUYER IN CONNECTION WITH THE PURCHASE OF THE PROPERTY. BUYER AGREES THAT SELLER SHALL HAVE NO LIABILITY OR OBLIGATION WHATSOEVER FOR ANY INACCURACY IN OR OMISSION (EXCEPT FOR THE PARAGRAPH 9.1(C) REPRESENTATION AND WARRANTY) FROM ANY ENVIRONMENTAL REPORT. BUYER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO THE EXPIRATION OF THE INSPECTION PERIOD, ITS OWN INVESTIGATION OF THE ENVIRONMENTAL CONDITION OF THE PROPERTY TO

THE EXTENT BUYER DEEMS SUCH AN INVESTIGATION TO BE NECESSARY OR APPROPRIATE.

3.3 REPRESENTATIONS AND WARRANTIES. All of Seller's Representations and Warranties shall be true as of Closing or qualified as provided in Paragraph 9.1

3.4 DELIVERY OF DOCUMENTS. Seller shall have signed, acknowledged and timely delivered all documents and instruments

to Escrow Holder as required by Paragraph 5.3 below.

3.5 PERFORMANCE OF COVENANTS. Seller shall have timely performed all of its covenants and terms under this Agreement.

3.6 ESTOPPEL CERTIFICATES. For Leases covering seventy-five percent (75%) of the leased square footage of the Property, excluding Leases with ITT Fluid Technology and Professional Detailing, Inc. and the square footage attributable to those leases from the said calculation, Buyer shall have received from the tenants under such Leases a signed tenant estoppel certificate in the form attached as Exhibit "C" ("Tenant Estoppel Certificate"). Buyer shall have also received a signed Tenant Estoppel Certificate from both Corning Life Sciences, Inc. and Thompson Minwax Company, Innapharma, Inc. and Neuromedical Systems, Inc. The leased square footage of the Property of these four tenants and the receipt of their Tenant Estoppel Certificates for such square footage shall be included for purposes of calculation of the seventy-five percent (75%) threshold described in the immediately preceding sentence. For Leases with ITT Fluid Technology and Professional Detailing, Inc. Buyer shall have received written confirmation that such Leases are if effect and that to the best knowledge of the tenant no default exists on the part of the Seller thereunder.

3.7 INTENTIONALLY OMITTED.

3.8 TITLE POLICY. The Title Company shall have committed and is prepared to issue at Closing the Title Policy designated by Buyer on or before expiration of the Feasibility Period in its Title Approval Notice.

4. CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE. Seller's obligation to sell the Property is subject to the satisfaction (or waiver) of all conditions set forth below (which are for Seller's benefit) within the time periods specified and if no time period is specified by the Outside Date.

4.1 PERFORMANCE OF COVENANTS. Buyer shall have timely performed all of its covenants and terms under this Agreement.

4.2 REPRESENTATIONS AND WARRANTIES. All of Buyer's Representations and Warranties provided in Paragraph 9.2 of this Agreement shall be true as of Closing.

4.3 DELIVERY OF DOCUMENTS AND FUNDS. Buyer shall have signed, acknowledged and timely delivered all documents, monies, and instruments to Escrow Holder as required by

Paragraphs 2.3 and 5.2.

4.4 OPENING OF ESCROW. Escrow shall have opened (as provided in Paragraph 7.2) by no later than February 9, 1998.

5. CLOSING.

5.1 THE CLOSING.

(a) The Closing shall occur by no later than 5:00 p.m. on the Outside Date.

(b) The terms "Close of Escrow" and/or "Closing" are used in this Agreement to mean the time the Deed is filed of record by the Escrow Holder in the Office of the County Clerk of Bergen County, New Jersey. The term "Closing Date" is used in this Agreement to mean the day the Deed is so filed of record.

(c) The occurrence of the Closing shall constitute Buyer's agreement that all of its conditions precedent to its obligation to perform have been satisfied.

5.2 SELLER'S CLOSING OBLIGATIONS. On or before 12:00 noon on the last business day immediately before the Outside Date, Seller shall deliver to Escrow Holder:

(a) A Deed in the form attached as Exhibit "D" ("Deed"), signed by Seller and acknowledged, covering the Land;

(b) An Assignment of Leases in the form attached as Exhibit "E" ("Assignment of Lease") signed by Seller;

(c) A General Assignment in the form attached as Exhibit "F" ("General Assignment"), signed by Seller;

(d) A certificate of non-foreign status in the form attached as Exhibit "G" ("Seller's FIRPTA Certificate"), signed by Seller;

(e) An Owner's Affidavit of Title for the benefit of the Title Company in the form attached as Exhibit "I" ("Owner's Affidavit of Title"), signed by Seller; and

(f) Any additional instruments (signed by Seller and acknowledged, if appropriate) as may be necessary to comply with this Agreement.

(g) To the extent the same are in Seller's

possession, all original Leases and other documents pertaining thereto and copies of such Leases or other documents where Seller, using its best reasonable efforts, is unable to deliver originals of the same.

(h) To the extent the same are in Seller's possession, all other documents or instruments necessary and/or available with respect to the operating, leasing and maintenance of the Property, including, without limitation, tenant files, Contracts, Warranties and Guaranties, and manuals.

(i) A letter to Tenants advising the Tenants of the sale hereunder and directing that rent and other payments thereafter be sent to Buyer or its desingee, as Buyer shall so direct.

(j) A computer diskette with this Agreement and such other related conveyancing documents prepared by Seller's counsel as requested by Buyer, in Wordperfect or Microsoft Word format.

5.3 BUYER'S CLOSING OBLIGATIONS. On or before 12:00 noon on the last business day immediately before the Outside Date, Buyer shall deliver to Escrow Holder:

(a) Cash equal to the amount provided for in Paragraph 2.3(b). The cash must be by direct deposit or by wire transfer of funds actually made in Escrow Holder's depository bank account by 12:00 noon on the last business day immediately before the Outside Date;

(b) The Assignment of Leases (or counterpart), signed by Buyer;

(c) The General Assignment (or counterpart), signed by Buyer;

(d) Any additional funds and/or instruments (signed by Buyer and acknowledged, if appropriate) as may be necessary to comply with this Agreement.

6. TERMINATION OF THIS AGREEMENT.

6.1 FAILURE TO CLOSE BY OUTSIDE DATE. If Escrow fails to close as of 5:00 p.m. on the Outside Date, this Agreement and Escrow shall automatically terminate and cancel without further action by Escrow Holder or any party and notwithstanding any provision contained in Escrow Holder's general provisions.

6.2 FAILURE OF A CONDITION. Except in those instances where this Agreement and Escrow automatically terminate under the terms of this Agreement, if any condition is not satisfied or waived within the time period and in the manner set forth in this Agreement, then the party for whose benefit the condition exists (as provided in Paragraphs 3 and 4 of this Agreement) may terminate this Agreement by delivering written notice to the other party and to Escrow Holder by no later than the earliest of (i) the third (3rd) business day following the expiration of such applicable time period, (ii) the Closing Date, or (iii) the Outside Date.

6.3 CONSEQUENCES. If this Agreement terminates (or is properly terminated by either party) as specifically provided by its terms, then each of the following shall occur: (i) Escrow shall be deemed automatically canceled regardless of whether cancellation instructions are signed; (ii) neither party shall have any further obligation to the other under this Agreement (except for breach of this Agreement as those remedies may be limited hereunder; and as provided under Paragraphs 10.2 and 15.2 which shall survive termination of this Agreement); (iii) all rights granted to Buyer under this Agreement and in the Property shall terminate; and, (iv) except as provided to the contrary in Paragraph 6.5 (concerning Seller's right to retain the Deposit as liquidated damages), Escrow Holder shall return all funds and documents then held in Escrow

to the party depositing the same, including, without limitation, the Deposit to Buyer.

6.4 ESCROW CANCELLATION CHARGES. If Escrow fails to close because of either party's default, the defaulting party shall be liable for all Escrow cancellation and Title Company charges. If Escrow fails to close for any other reason, Buyer and Seller shall each pay one-half of any Escrow cancellation and Title Company charges.

6.5 LIQUIDATED DAMAGES. IF ESCROW FAILS TO CLOSE DUE TO BUYER'S BREACH OF THIS AGREEMENT, SELLER SHALL BE RELEASED FROM ALL OF ITS OBLIGATIONS UNDER THIS AGREEMENT, AND ESCROW HOLDER SHALL IMMEDIATELY DELIVER THE DEPOSIT TO SELLER, AND

SELLER SHALL BE ENTITLED TO RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES. SELLER AND BUYER SHALL INDEMNIFY ESCROW HOLDER FOR ANY LIABILITY, COSTS AND EXPENSES BY REASON OF ESCROW HOLDER'S GOOD FAITH COMPLIANCE WITH THIS PARAGRAPH. THE PARTIES EXPRESSLY AGREE THAT THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF THE EXTENT TO WHICH SELLER WOULD BE DAMAGED BY BUYER'S BREACH OF THIS AGREEMENT, IN LIGHT OF THE DIFFICULTY THE PARTIES WOULD HAVE IN DETERMINING SELLER'S ACTUAL DAMAGES AS A RESULT OF SUCH BREACH BY BUYER. SELLER'S RETENTION OF THE DEPOSIT AS LIQUIDATED DAMAGES SHALL BE SELLER'S EXCLUSIVE REMEDY FOR DAMAGES BY REASON OF BUYER'S BREACH OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS PARAGRAPH 6.5, THE DEPOSIT SHALL NOT LIMIT THE SELLER'S RIGHT TO RECOVERY UNDER PARAGRAPHS 10.2 AND 15.2. OTHER THAN A RELEASE BY ESCROW AGENT OF DEPOSIT TO SELLER AS PART OF THE CLOSING OR TO BUYER IF THIS AGREEMENT IS TERMINATED AT END OF THE DUE DILIGENCE, ESCROW HOLDER SHALL HOLD AND DISBURSE THE DEPOSIT PURSUANT TO THIS AGREEMENT OR SUBSEQUENT WRITTEN AGREEMENT OF THE PARTIES, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT OR ANY SUCH SUBSEQUENT AGREEMENT. IN THE EVENT OF DOUBT AS TO ITS DUTIES OR LIABILITIES UNDER THE PROVISIONS OF THIS AGREEMENT, ESCROW HOLDER MAY IN ITS SOLE DISCRETION CONTINUE TO HOLD THE DEPOSIT UNTIL THE PARTIES MUTUALLY AGREE TO DISBURSEMENT THEREOF, OR UNTIL A COURT OF COMPETENT JURISDICTION SHALL DETERMINE THE RIGHTS OF THE PARTIES THERETO.

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SELLER'S INITIALS BUYER'S INITIALS

7. GENERAL ESCROW PROVISIONS.

7.1 ESCROW INSTRUCTIONS. This Agreement when signed by Buyer and Seller shall also constitute Escrow Instructions to Escrow Holder.

7.2 OPENING OF ESCROW. When both (i) this Agreement, fully signed or in signed counterparts, and (ii) Buyer's Deposit are delivered to Escrow Holder, Escrow shall be deemed open, and Escrow Holder shall immediately notify Buyer and Seller by telephone and in writing of the date of Opening of Escrow.

7.3 GENERAL PROVISIONS. Notwithstanding anything to the contrary in this Agreement, the General Provisions of Escrow Holder, if any, which are later signed by the parties, are incorporated by reference to the extent they are not inconsistent with the provisions of this Agreement. If there is any inconsistency between the provisions of those General Provisions

and any of the provisions of this Agreement, the provisions of this Agreement shall control. If any requirements relating to the duties or obligations of the Escrow Holder are unacceptable to the Escrow Holder, or if the Escrow Holder requires additional instructions, the parties agree to make any deletions, substi tutions and additions as counsel for Buyer and Seller shall mutually approve and which do not materially alter the terms of this Agreement. Any supplemental instructions shall be signed only as an accommodation to Escrow Holder and shall not be deemed to modify or amend the rights of Buyer and Seller, as between Buyer and Seller, unless the supplemental instructions expressly so provide.

7.4 PRORATIONS. It is the intent of the parties that Seller shall bear all expenses of ownership and operation of the Property and shall receive all income therefrom applicable or relating to the period ending at 11:59 p.m. on the day preceding the Close of Escrow, and Buyer shall bear all such expenses and receive all such income applicable or relating to the period beginning thereafter (such income and expenses being those defined as such by generally accepted accounting principals, consistently applied). Rentals, revenues, and other income from the Property, and taxes, assessments, improvement bonds and any and all other expenses affecting the Property shall be prorated as of 11:59 p.m. on the day preceding the Close of Escrow. For purposes of calculating prorations, Buyer shall be deemed to be in title of the Property, and therefore entitled to the income and responsible for the expenses, for the entire day upon which the Close of Escrow occurs. Buyer shall be responsible for obtaining a new policy of casualty and/or liability insurance as of the Close of Escrow. All prorations shall be made in accordance with customary practice in the county in which the Property is located, except as expressly provided herein. Such prorations, if and to the extent known and agreed upon as of the

Close of Escrow, shall be paid through Escrow by Buyer to Seller (if the prorations result in a net credit to the Seller) or by Seller to Buyer (if the prorations result in a net credit to the Buyer). Any items of income or expense or other prorations not determined or not agreed upon or later shown to have been incorrect as of the Close of Escrow shall be paid by Buyer to Seller, or by Seller to Buyer, as the case may be, in cash, as soon as practicable following the determination of such amounts provided, that no adjustment will be required after the expiration of fifteen (15) months after the Close of Escrow, except for any tax refunds (including, without limitation, any tax refunds resulting from any Tax Protest Proceedings (defined beow)) with respect to which the foregoing obligations of Buyer and Seller shall continue to apply. Without limiting the generality of the foregoing:

(a) Rent. All rents, fees and charges, including, without limitation, payments of minimum or base rents, fixed monthly rents, additional rents, retroactive rents, operating cost pass-through, rent escalations, percentage rents, sign revenues, other receipts, operating expenses of the Property, tenant expenses, taxes, assessments, electricity and other utilities, common area maintenance and services, other escalation charges and other amounts due Seller pursuant to the Leases or due Seller with respect to the Property generally or otherwise payable under the Leases (all of the foregoing may hereinafter be collectively referred to as "Rents") shall be prorated as of the Close of Escrow. Subject to the provisions below, Rents delinquent at the Close of Escrow shall be prorated to the Close of Escrow when collected. Rents collected within twelve (12) months after the Close of Escrow shall be deemed to apply (after deduction of costs for collections) first to Rents currently or past due and payable to Buyer for the period after Close of Escrow from tenants making such payments, and second to Rents which are due and payable to Seller for the period prior to Close of Escrow from tenants making such payments. Buyer shall at all times for twelve (12) months after the Close of Escrow, continue to invoice tenants for all Rents which are delinquent or unpaid as of the Close of Escrow or which otherwise belong to Seller pursuant to this Agreement. Rents collected by Buyer after the Close of Escrow, to which Seller is entitled under this Paragraph, shall be promptly paid over, in cash, to Seller after deduction of any reasonably incurred collection costs but otherwise without offset or deduction. Seller reserves the rights to all delinquent or past due Rents owing to Seller for periods prior to the Close of Escrow and Buyer acknowledges that such Rents are the property of Seller and are hereby specifically reserved by Seller. Such reservation by Seller and the foregoing rights of Seller shall survive the Close of Escrow, the recordation of the Deed and the execution, delivery and recordation of the Lease Assignment (defined below) and shall supersede any provision herein or in the Lease Assignment tothe contrary. Seller may proceed to institute any and all legal proceedings to which it is legally entitled to recover such amounts from such tenants, except that Seller shall not be permitted to institute legal proceedings for unlawful detainer against such tenants or to seek to terminate their Leases.

(b) Omitted.

(c) Expenses. Subject to Paragraph 7.4(d) and 7.4(g) hereof, all operating expenses of the Property shall be prorated as of the Close of Escrow. As used in this Agreement, the term "operating expenses of the Property" shall include, without limitation, any and all: (i) utility charges and deposits as shown on the last ascertainable bills (if current bills are not available) if and to the extent the utility meters are not read as of the Close of Escrow; (ii) charges and deposits under any Contracts; (iii) operating cost pass-through, elevator maintenance costs and expenses, common area maintenance costs and expenses, non-common area maintenance costs and expenses, taxes (including, without limitation, real estate taxes and rental taxes), (iv) other expenses incurred in operating the Property that a property owner customarily pays ; and (v) any other costs incurred in the ordinary course of the 0 operation of the Property. Buyer shall pay all such expenses accruing on the Close of Escrow and thereafter. To the extent practicable, Seller and Buyer shall obtain billings and meter readings as of the Close of Escrow to aid in such prorations. Buyer shall not be responsible for any management fees attributable to the Property which expenses accrued and were payable prior to the Closing Date, nor shall Buyer by responsible for any cancellation or termination fees contained in any management agreement of Seller affecting the Property unless expressly assumed in writing by Buyer.

(d) Estimated Payments. To the extent that any additional rent (including, without limitation, estimated payments for operating expenses and/or real estate taxes) (collectively, "Expenses") is paid by tenants under the Leases based on an estimated payment basis (monthly, quarterly, or otherwise) for which a future reconciliation of actual Expenses to estimated payments is required to be performed at the end of a reconciliation period, Buyer and Seller shall make an adjustment at the Close of Escrow for the applicable reconciliation period (or periods, if the Leases do not have a common reconciliation period) based on a comparison of the actual Expenses to the estimated payments (to the extent such estimated payments were actually received by Seller) at the Close of Escrow. If, as of the Close of Escrow, Seller has received rent payments for Expenses in excess of the amount that tenants will be required to pay, based on the actual Expenses as of the Close of Escrow, Buyer shall receive a credit at Closing in the amount of such excess. If, as of the

Close of Escrow, Seller has received rent payments for Expenses that are less than the amount that tenants will be required to pay based on the actual Expenses as of the Close of Escrow, Buyer shall include such deficient amount in its billings to such tenants for reconciliation of the estimated

payments for such Expenses and so long as Buyer, as landlord, is current in payments from such tenants, shall pay such deficient amount to Seller promptly following Buyer's receipt of such amount from such tenants.

(e) Leasing Costs. Subject to the terms of Paragraph 12 with regard to Approved New Lease Transactions, in the event that any Lease requires, at any time after the Close of Escrow, the construction of tenant fixtures or improvements or the payment of leasing or brokerage commissions at the expense of landlord, or requires any other expenditure of money or the incurring of any other obligation or the performance of any covenant by the landlord under such Lease, Buyer, by electing to cause the Close of Escrow to occur, hereby agrees to assume any and all such obligations.

(f) Security Deposits. Buyer shall receive a credit at Closing for each of the security deposits listed on the attached Exhibit "K".

(g) Owner Deposits. Seller shall receive a credit at Closing for all bonds, deposits, letters of credit, set aside letters or other similar items, if any, that are outstanding with respect to the Property that have been provided by Seller or any of its affiliates to any governmental agency, public utility, or similar entity (collectively, "Owner Deposits") to the extent assigned and assignable to Buyer. Otherwise, Buyer shall replace all Owner Deposits based upon reasonable proof as to the amount of the deposit. To the extent that any funds are released as result of the termination or replacement of the Owner Deposits for which Seller did not get a credit, such funds shall be delivered to Seller immediately upon their receipt. Buyer shall reasonably cooperate with Seller in any efforts to obtain the release of Seller's Owner Deposits (provided that Seller shall reimburse Buyer for any costs incurred for such cooperation other than the amount of the Owner Deposits to be replaced).

(h) Tax Protests. If Seller has engaged consultants for the purpose of protesting the amount of taxes or the assessed valuation for certain tax periods for the Property ("Protest Proceedings") any refunds or proceeds will be apportioned as described below. Any refunds or proceeds (including interest thereon) on account of a favorable determination, after deduction of costs and expenses incurred for such Protest Proceedings and payment of any reimbursements owing to tenants, shall be: (i) the property of Seller to the extent such refunds or proceeds were for taxes applicable to a period prior to the Closing Date, (ii) prorated between Buyer and Seller

for taxes paid for a period during which the Closing Date occurred, and (iii) the Property of Buyer for taxes paid by Buyer for a period after the Closing Date. Seller shall have the obligation to refund to any tenants pursuant to the Leases, any portion of such refund paid to it which may be owing to such tenants, which payment shall be paid to Buyer within fifteen (15) days of delivery to Seller by Buyer of written confirmation of such tenants' entitlement to such refunds. Buyer shall have the obligation to refund to tenants such refund, any portion of such refund paid to it which may be owing to such tenants. Seller and Buyer agree to notify the other in writing of any receipt of a tax refund within ten (10) business days of receipt of such refund. To the extent either party obtains a refund, a portion of which is owed to the other party, the receiving party shall deliver the refund to the other party within fifteen (15) days of its receipt. No Protest Proceedings are currently in process.

(i) All prorations shall be made on the basis of actual days in the month and a three hundred sixty-five (365) day year. The obligations of Buyer and Seller under this Paragraph 7.4 shall survive the Close of Escrow and the delivery and recordation of the Deed and the consummation of the transactions contemplated herein.

(j) Post-Closing Access. After the Closing, Seller, or any representative of Seller, shall for a period of one (1) year after the Closing have the right to inspect the books and records of the Property to verify that Buyer is remitting to Seller all amounts to be remitted to Seller according to the terms of this Agreement and for any other purpose related to Seller's prior ownership of the Property.

7.5 PAYMENT OF COSTS. Seller shall pay: (i) one-half of the Escrow Fee, (ii) the base premium charges for a standard owner's title policy which total fee is $57,000.00 ("Standard Premium") and (iii) the cost of preparing the Deed. Buyer shall pay: (i) all title and title insurance costs and premiums in excess of the Standard Premium (including, without limitation, the cost of ALTA or any other extended coverage, any endorsements, and any survey costs), (ii) one-half of the Escrow costs and fees; (iii) all costs relating to financing the transaction; (iv) all recording fees for the Deed, deeds of trust and other financing documentation; (v) all city, county, and state transfer, documentary and excise fees and taxes; (vi) all costs arising from its due

diligence efforts, including, without limitation, any cost to update existing or obtain new environmental studies, engineering reports or surveys; and (vii) all other costs arising from the transfer of the Property to Buyer (other than Seller's income taxes).

7.6 ESCROW HOLDER AUTHORIZED TO COMPLETE BLANKS. If necessary, Escrow Holder is authorized to insert in all date blanks in the Closing documents, the date of recordation of the Deed.

7.7 RECORDATION AND DELIVERY OF FUNDS AND DOCUMENTS. When Buyer and Seller have satisfied their respective Closing obligations under Paragraphs 5.2 and 5.3 and each of the conditions under Paragraphs 3 and 4 have either been satisfied or waived, Escrow Holder shall promptly undertake all of the following in the manner indicated:

(a) Prorations. Prorate and allocate all matters as described in Paragraphs 7.4 and 7.5.

(b) Recording. Cause the Deed and any other documents which the parties hereto may mutually direct to be recorded in the Official Records of Bergen County, New Jersey, in the order set forth in the parties' Escrow instructions.

(c) Funds. Disburse funds deposited by Buyer with Escrow Holder towards payment of all items chargeable to the account of Buyer pursuant hereto in payment of such costs including, without limitation, the payment of the Purchase Price to Seller.

(d) Document Delivery. Deliver originals and conformed copies of all documents to Seller and Buyer, as appropriate.

(e) Title Policy. Direct the Title Company to issue the Title Policy to Buyer.

8. NO BROKERAGE COMMISSIONS. Cushman & Wakefield is the broker for this transaction ("Broker"). Only if Close of Escrow occurs pursuant to the terms of this Agreement, Seller shall pay Broker a commission pursuant to its written commission agreement with Broker upon such Close of Escrow. Seller shall indemnify, defend, and hold Buyer harmless from and against all claims, liabilities, costs, damages and expenses (including, without limitation, attorney's fees and costs) resulting from or arising out of any claims for finder's fees or commissions claimed by Broker for the Close of Escrow of the transaction which is the subject of this Agreement. Except for Broker, neither Seller nor Buyer has engaged a broker or finder in connection with this transaction. Each party shall indemnify, defend and hold the other harmless from and against all claims, liabilities, costs, damages and expenses (including, without limitation, attorney's fees and costs) resulting from or arising out of any claims for

finder's fees or commissions arising out of any contract or commitments made by or through the indemnifying party with any broker or finder other than the Broker.

9. REPRESENTATIONS AND WARRANTIES, "AS IS" SALE.

9.1 SELLER'S REPRESENTATIONS AND WARRANTIES. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to buy the Property from Seller, Seller makes the following representations and warranties, each of which is material and is being relied upon by Buyer (the continued truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder):

(a) Authority. Seller is validly existing under the laws of the State of Delaware , with full power and authority to enter into and comply with the terms of this Agreement.

(b) Power. Seller has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by Seller is requisite to the valid and binding execution, delivery and performance of this Agreement.

(c) Notices Of Cancellation Of Permits. To Seller's Actual Knowledge, except as disclosed in the Property Documents, Seller has not received any written notice that any permits and licenses currently necessary to operate the Property have been cancelled or will be cancelled.

(d) Violation. To Seller's Actual Knowledge, except as disclosed by the Property Documents, Seller has not received any written notices from any federal, state, or local governing agency notifying Seller of any currently uncured violation of law relating to the use or operation of the Property which could materially or adversely affect the Property or use thereof.

(e) Condemnation. To Seller's Actual Knowledge, except as disclosed by the Property Documents, Seller has not received any written notices of any condemnation proceedings affecting the Property.

(f) Governmental Work Orders. To Seller's Actual Knowledge, except as disclosed by the Property Documents, Seller has not received any written notices from any federal, state or local governing agencies notifying Seller of any currently uncured violation of outstanding work orders from such governmental agencies.

(g) Leasing Commissions. To Seller's Actual Knowledge, except as disclosed by Exhibit "L", and/or the Leases, there are not any written leasing commission agreements entered into by Seller or Expressly assumed in writing by Seller, for which Buyer could have liability after the Closing for the leasing of space at the Property.

(h) To Seller's Actual Knowledge (i) the information set forth on Exhibit "B" includes all the currently effective Lease and Occupancy Agreements for the Property; (ii) Exclusive of any matter related to title to the Property and/or matters of public record, the information set forth on Exhibit 1 to the General Assignment (attached hereto as Exhibit "F") includes all the written agreements entered into by Seller or Expressly assumed in writing by Seller pertaining to the Property pursuant to which Buyer could become obligated subsequent to the Closing Date; and (iii) the information set forth on Exhibit "M" includes all filed and served litigation currently affecting the Property.

(i) To Seller's Actual Knowledge there are no security deposits under the Lease for which Buyer could become obligated after the closing date except as set forth on Exhibit K.

For purposes of this Paragraph, the term "To Seller's Actual Knowledge" shall mean the actual (and not implied, imputed, or constructive) knowledge of Jim Patterson (whom the Seller represents is its Asset Manager for the Property), without any inquiry or investigation of any other parties, including, without limitation, tenants and property managers of the Property.

The representations and warranties made by Seller in this Agreement shall survive the recordation of the Deed for a period of one (1) year and any action for a breach of Seller's representations or warranties must be made and filed within said one (1) year period. If, after the Effective Date, but before the Close of Escrow, Seller becomes aware of any facts or changes in circumstances that would cause any of its representations and warranties in this Agreement to be untrue at Close of Escrow, Seller shall promptly notify Buyer in writing of such fact. In such case, or in the event Buyer obtains information which would cause any of Seller's representations and warranties to be untrue at Close of Escrow, Buyer, as its sole and exclusive remedy, shall have the right to either (i) terminate this Agreement, in which case the Deposit shall be immediately returned to Buyer and neither party shall have any rights or obligations under this Agreement (except for Paragraphs 10.2 and 15.2 which survive termination of this Agreement); or (ii) accept a qualification to

Seller's representations and warranties as of the Close of Escrow and complete the purchase and sale of the Property without any rights to recovery for breach of the unqualified representation and warranty. Other than as set forth in the immediately preceding sentence, if Buyer proceeds with the Closing, Buyer shall be deemed to have expressly waived any and all remedies for the breach of any representation or warranty discovered by John Kropke prior to the Close of Escrow.

9.2 BUYER'S REPRESENTATIONS AND WARRANTIES. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following representations and warranties, each of which shall be true and accurate as of the Effective Date and Close of Escrow (and shall survive the Close of Escrow), and each of which is material and is being relied upon by Seller (the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder):

(a) Authority. Buyer is validly existing under the laws of the state of its incorporation, with the full power and authority to enter into and comply with the terms of this Agreement and is qualified to do business in the State of New Jersey. Buyer has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by Buyer is requisite to the valid and binding execution, delivery and performance of this Agreement.

(b) Expertise. Buyer is experienced and expert in the acquisition and ownership of real property. Buyer has conducted a full feasibility study of the Property and is relying thereon in connection with Buyer's acquisition of the Property and not on any statement or document made by or delivered by Seller.

9.3 "AS IS".

(a) NO OTHER REPRESENTATIONS AND WARRANTIES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY PROVIDED IN THIS AGREEMENT, BUYER AGREES (i) THAT IT IS PURCHASING THE PROPERTY ON AN "AS IS" BASIS AND BASED ON ITS OWN INVESTIGATION OF THE PROPERTY, (ii) THAT NEITHER SELLER NOR SELLER'S EMPLOYEES, AGENTS, BROKERS, REPRESENTATIVES, MANAGERS, PROPERTY MANAGERS, ASSET MANAGERS, OFFICERS, PRINCIPALS, ATTORNEYS OR CONTRACTORS (COLLECTIVELY, "SELLER'S REPRESENTATIVES") HAVE MADE ANY WARRANTY, REPRESENTATION OR GUARANTEE, EXPRESSED, IMPLIED OR STATUTORY, WRITTEN OR ORAL, INCLUDING, WITHOUT LIMITATION, ANY

IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY USE OR PURPOSE OR OF REASONABLE WORKMANSHIP, CONCERNING THE PROPERTY OR ANY OF THE PRODUCTS OR IMPROVEMENTS LOCATED THEREON OR THEREIN (INCLUDING, WITHOUT LIMITATION, THE BUILDINGS AND ANY OTHER IMPROVEMENTS), (iii) THAT NEITHER SELLER NOR SELLER'S REPRESENTATIVES HAVE MADE ANY WARRANTY, REPRESENTATION, OR GUARANTEE, EXPRESSED, IMPLIED OR STATUTORY, WRITTEN OR ORAL, PERTAINING TO THE PROPERTY'S COMPLIANCE WITH ANY LAWS, ORDINANCES, RULES OR REGULATIONS, FEDERAL, STATE OR LOCAL, AND (iv) THAT NEITHER SELLER NOR SELLER'S REPRESENTATIVES HAVE MADE ANY WARRANTY, REPRESENTATION OR GUARANTEE, EXPRESSED, IMPLIED OR STATUTORY, WRITTEN OR ORAL, AS TO ANY GOVERNMENT LIMITATION OR RESTRICTION, OR ABSENCE THEREOF, PERTAINING TO THE PROPERTY, OR AS TO THE PRESENCE OR ABSENCE OF ANY LATENT DEFECT, SUBSURFACE SOIL CONDITION, ENVIRONMENTAL CONDITION, HAZARDOUS SUBSTANCE, TOXIC WASTE OR ANY OTHER MATTER PERTAINING TO THE PHYSICAL CONDITION (TITLE, MAPPING, GRADING, CONSTRUCTION, OR OTHERWISE) OF THE PROPERTY. Buyer is or as of the Close of Escrow will be familiar with the Property and its suitability for Buyer's intended use. Except for the representations and warranties expressly provided in Paragraph 9.1 above, all of Seller's and Seller's Representatives' statements, whenever made, are made only as an accommodation to Buyer and are not intended to be relied or acted upon in any manner by Buyer. Except for the reprsentations and warranties expressly set forth in Paragraph 9.1, all documents, records, agreements, writings, statistical and financial information and all other information (collectively, "Documents") which have been given to Buyer by Seller, or Seller's Representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, validity, truthfulness, enforceability, or assignability of any of the Documents, all of which Buyer relies on at its own risk. Buyer acknowledges that any information, oral or written, provided to Buyer by any asset or property managers is also merely as an accommodation to Buyer. While such information will not affect any representation of Seller specifically set forth in this agreement, none of the information provided to Buyer by any asset or property managers may be attributed to Seller. Except for the representations and warranties expressly set forth in Paragraph 9.1, Seller and Seller's Representatives shall not have any liability whatsoever to Buyer in the event that any documents or information provided to Buyer are inaccurate. Except for the representations and warranties expressly set forth in Paragraph 9.1, Buyer acknowledges that neither Seller nor Seller's Representatives have made any representation regarding the availability of, or amount of, any fee, assessment, or cost relating to the development, construction, mapping, access, occupancy or ownership of the Property. Buyer acknowledges and

agrees that Buyer's only recourse for any defect in title, subject to Buyer's rights set forth in Paragraph 3.1.4 of this Agreement, shall be against the Title Company and not Seller.

(b) Seller's Responsibility. Buyer represents and covenants that Seller and Seller's Representatives shall not have any liability, obligation or responsibility (except to the extent arising from Seller's breach of its Paragraph 9.1 Representations and Warranties) of any kind with respect to the following:

(i)

The content or accuracy of any report, opinion or conclusion of any soils or environmental experts (including, without limitation, those contained in any environmental reports) or other engineer or other person or entity who has examined the Property;

(ii)

The content or accuracy of any information released to Buyer by an engineer or planner in connection with the development of the Property;

(iii)

Any of the items delivered to Buyer in connection with Buyer's review of the condition of the Property; and

(iv)

The content or accuracy of any other cost, projection, financial or other analysis or other information given to Buyer by Seller or Seller's Representatives or reviewed by Buyer with respect to the Property.

The terms of Paragraphs 9.2 and 9.3 set forth in this Agreement shall be true on and as of the Close of Escrow and shall survive the Close of Escrow and recordation of the Deed.

10. ENTRY ON PROPERTY.

10.1 LICENSE TO ENTER FOR INVESTIGATION. Until Escrow closes or this Agreement is terminated, Buyer and Buyer's employees and agents shall have a limited license to enter upon the Property, during usual business hours, after receipt by Seller of two (2) business days advance notice of its intention to enter the Property (the "License") for purposes of visual inspections only and subject to any rights of tenants under the Leases. Buyer shall not contact or communicate with tenants. Before beginning any tests or investigations which contemplate the drilling or disturbance of the surface of the Property, Buyer

shall submit to Seller for its approval in its sole and absolute discretion, Buyer's operational plan for conducting the tests or investigations. Buyer has completed all of its environmental investigations of the Property and shall not conduct any further environmental investigations for the Property. Seller may have a representative present during any tests or investigations and Buyer shall provide Seller with prior notice of any tests or investigations. After any entry, Buyer shall immediately restore the Property to the Property's condition before Buyer entered on the Property. Buyer shall not allow any dangerous or hazardous condition to be created on or arise from Buyer's entry on the Property. Buyer shall comply with all applicable laws and governmental regulations applicable to its entry to the Property. Buyer shall keep the Property free and clear of all mechanics' liens and materialmen's liens arising out of any of Buyer's activities. The License may be revoked by Seller at any time, and shall in any event be deemed revoked upon termination of this Agreement.

10.2 INDEMNIFICATION ON ENTRIES. Buyer shall indemnify, defend (with counsel selected by Seller), and hold harmless Seller and Seller's officers, directors, shareholders, employees, agents, managers, property managers (including, without limitation, Koll Management Services, Inc.), asset managers (including without limitation, Koll Investment Management, Inc.), attorneys, representatives, subsidiary and parent corporations, affiliated entities, and the above parties' predecessors, successors and assigns (all of the above parties including Seller are collectively referred to as "Seller Parties") and the Property, from and against all claims, losses, liens, liabilities, damages, expenses and costs (including, without limitation, attorneys' fees and costs) arising from or relating to the entry of Buyer or its representatives, agents and contractors on the Property but not as to any preexisting environmental condition which is not exacerbated by such entry on the Property. To Seller's Acutal Knowledge Seller has received no written notices of any claim of condition, nor to Seller's Actual Knowledge does any condition exist on the Property which would initiate the indemnification of Buyer hereunder independent of any act or omission of Buyer. Buyer's obligations under this paragraph shall survive the Close of Escrow and the termination of this Agreement and shall not be limited by any insurance required under Paragraph 10.3.

10.3 INSURANCE ON ENTRIES. Buyer shall maintain or cause to be maintained either Comprehensive General Liability insurance or Commercial General Liability insurance to cover Buyer's activities on the Property. At least five (5) days before entering on the Property, Buyer shall deliver to Seller a

Certificate of Insurance evidencing compliance with the terms of this paragraph. The liability insurance policy shall have a combined single limit per occurrence liability limit of at least $2,000,000.00 for premises liability, bodily injury, personal injury and property damage, shall be primary and noncontributing with any insurance which may be carried by Seller, and shall name the Seller Parties as additional insured, and shall be written by companies rated A+XII or better in "Best's Insurance Guide" and authorized to do business in the State of New Jersey. The insurance policy shall be maintained and kept in effect by Buyer (or Buyer's agent), at Buyer's (or Buyer's agent's) sole expense, at all times during the term of this Agreement. The insurance policy shall provide that it may not be canceled or modified without at least thirty (30) days prior written notice to Seller, or until this License is terminated.

11. CONDEMNATION OR CASUALTY.

11.1 CONDEMNATION. If, before the Closing, all or enough of the Property is taken by eminent domain or condemnation proceedings so that the balance of the Property (assuming necessary repairs) is not sufficient for Buyer's intended use for the Property (collectively, a "Taking"), Seller shall notify Buyer of the event after actual knowledge of the Taking and, in that event, Buyer shall have the option to either (i) terminate this Agreement as of the date of the Taking, or (ii) continue with this transaction in accordance with the terms of this Agreement and without any adjustment in the Purchase Price, by delivery of written notice of Buyer's election to Seller within ten (10) days after receipt of Seller's notice. If Seller and Escrow Holder receive Buyer's election to terminate this Agreement or have not received any notice from Buyer within the 10-day period, then this Agreement shall terminate, and the Deposit shall be returned to Buyer, as provided in Paragraph 6.3. If Buyer elects to continue with this transaction, as provided above, then the condemnation proceeds shall become the property of Buyer upon Close of Escrow.

11.2 CASUALTY. If, before the Closing, all or any portion of the Property is damaged by a casualty, the repair of which are required by such damage shall cost in excess of $100,000.00 (a "Casualty"), Seller shall notify Buyer of this event after actual knowledge of the Casualty, and, in this event, Buyer shall have the option to either (i) terminate this Agreement as of the date of the Casualty, or (ii) continue with this transaction in accordance with the terms of this Agreement and without any adjustment in the Purchase Price, by delivery of written notice of Buyer's election to Seller and Escrow Holder within ten (10) days after receipt of Seller's notice. If Seller

and Escrow Holder receive Buyer's election to terminate this Agreement or have not received any notice from Buyer within the 10-day period, then this Agreement shall terminate, and the Deposit shall be returned to Buyer, as provided in Paragraph 6.3. If Buyer elects to continue with this transaction, as provided above, then the Casualty proceeds shall become the property of Buyer upon Close of Escrow.

12. LEASING AND MANAGEMENT.

12.1 EXISTING APPROVED NEW LEASE TRANSACTIONS. The new and pending Lease transactions reflected on the attached Exhibit "H" shall be deemed approved by Buyer for purposes of this Agreement and Buyer agrees to be responsible and to pay all New Leasing costs attributable thereto.

12.2 OMITTED.

12.3 LEASING. Seller shall not enter into any new lease or lease modifications, renewals or extensions ("Lease Transaction(s)"), the terms of which shall be assumed by Buyer at Closing, without Buyer's consent (not to be unreasonably withheld) which if given, will cause each such Lease Transactions to be deemed an "Approved New Lease Transaction" for purposes of this Agreement. Notwithstanding the terms of this Paragraph 12, Seller shall be permitted to enter into Lease Transactions with ITT Fluid Technology, Professional Detailing, Inc., and/or Ocean Garden Products, Inc. without Buyer's consent subject to Buyer's rights contained in this Agreement.

12.4 BUYER'S CONSENT. Buyer shall approve or disapprove any Lease Transaction for which consent has been requested, within two (2) business days of receipt of a summary of the business terms of the Lease Transaction or the lease for such Lease Transaction itself. Buyer's failure to provide written notice of its approval or disapproval to Seller within such two (2) business day period shall be deemed approval, and the subject Lease Transaction shall be deemed an "Approved New Lease Transaction" for purposes of this Agreement.

12.5 PAYMENT OF NEW LEASING COSTS. All lease commissions, legal fees for negotiating the documents involved in a Lease Transaction, tenant improvement costs and other costs incurred or to be incurred, either before or after the Closing, in connection with an Approved New Lease Transaction ("New Leasing Costs") shall be the responsibility of and satisfied by the Buyer. Notwithstanding the foregoing, Seller shall pay the New Leasing Costs accrued and payable as of the closing date for ITT Fluid Technology, Ocean Garden Products, and for the initial

lease with Professional Detailing, Inc., but not the additional 5,000 square feet leased by Professional Detailing, Inc. which shall be the responsibility of Buyer. Buyer shall pay Seller at Closing an amount equal to all Leasing Costs which are Buyer's responsibility which were actually paid by Seller prior to the Closing. Also, Buyer shall assume (and if requested by Seller have added to the General Assignment) all agreements, contracts and commitments, including, without limitation, brokerage agreements and tenant improvement contracts relating to the Approved New Lease Transactions. The terms of this Paragraph 12 are not intended to affect Buyer's obligation to assume Leasing Costs arising from the existing Leases.

12.6 MANAGEMENT. From and after the date of this Agreement and until the date of Closing hereunder Seller shall operate and maintain the Property in the same manner as Seller shall have operated the same immediately prior to the execution of this Agreement except that Seller shall not be required to make any capital expenditures in connection with the Property.

13. CONTRACTS, WARRANTIES AND GUARANTEES. In connection with the purchase, Seller shall assign to Buyer, and Buyer shall assume, "AS IS" at Close of Escrow, without representation or warranty, all of Seller's rights, liabilities and obligations, if any, to the contracts listed on Exhibit "2" to the General Assignment ("Contracts") and all warranties and guarantees to the extent they relate to the Property ("Warranties and Guarantees"). Such assignment shall be in the form of the General Assignment attached as Exhibit "F" to this Agreement.

14. LIMITATION ON REMEDIES AGAINST SELLER AND INDEMNIFICATION.

14.1 BREACH OF THIS AGREEMENT. IF CLOSE OF ESCROW AND THE

CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT DO NOT OCCUR BY REASON OF ANY DEFAULT OR BREACH BY SELLER IN ITS OBLIGATION TO TRANSFER THE PROPERTY TO BUYER, BUYER SHALL BE ENTITLED TO EITHER ONE OF THE FOLLOWING AS ITS SOLE AND EXCLUSIVE REMEDY FOR SUCH DEFAULT OR BREACH BY SELLER: (A) SPECIFIC PERFORMANCE OF SELLER'S OBLIGATIONS UNDER THIS AGREEMENT (EXCLUDING ANY RIGHT TO MONETARY DAMAGES) AND LEGAL FEES IN CONNECTION THEREWITH OR (B) THE RETURN OF THE DEPOSIT AND ANY INTEREST ACTUALLY ACCRUED THEREON. THE ABOVE DESCRIBED REMEDIES SHALL BE BUYER'S SOLE AND EXCLUSIVE REMEDIES FOR SUCH BREACH OR DEFAULT, AND BUYER SHALL NOT BE ENTITLED OR HAVE ANY RIGHT TO RECEIVE ANY OTHER TYPE OF RELIEF, LEGAL OR EQUITABLE. IF BUYER FAILS TO FILE AN ACTION FOR SPECIFIC PERFORMANCE WITHIN THIRTY (30) DAYS OF THE OUTSIDE DATE, BUYER SHALL BE DEEMED TO HAVE IRREVOCABLY ELECTED REMEDY (B) ABOVE AND BE DEEMED TO HAVE

IRREVOCABLY WAIVED ALL RIGHTS TO SPECIFIC PERFORMANCE.

_____ _____

SELLER'S INITIALS BUYER'S INITIALS

14.2 RELEASE. BUYER ON BEHALF OF ITSELF AND ALL OF ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, REPRESENTATIVES AND AFFILIATED ENTITIES (COLLECTIVELY, "RELEASORS") HEREBY IRREVOCABLY AND FOREVER RELEASE, DISCHARGE AND ACQUIT THE SELLER PARTIES OF AND FROM ANY AND ALL CLAIMS, LIABILITIES, SUITS, DEMANDS, OBLIGATIONS, DUTIES, ACTS, OMISSIONS, CAUSES OF ACTION, DAMAGES, LOSSES AND INDEMNIFICATION OBLIGATIONS OF EVERY TYPE, KIND, NATURE, DESCRIPTION OR CHARACTER WHATSOEVER, AND IRRESPECTIVE OF HOW, WHY, OR BY WHAT REASON OR FACTS, NOW EXISTING OR HEREAFTER ARISING, OR WHICH COULD, MIGHT, OR MAY BE CLAIMED TO EXIST, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, WHICH IN ANY WAY ARISE OUT OF, ARE CONNECTED WITH, PERTAIN TO OR RELATE TO, EITHER DIRECTLY OR INDIRECTLY: (1) THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE PHYSICAL, ENVIRONMENTAL, TITLE, LEASING, AND FINANCIAL CONDITION OF THE PROPERTY AND PROPERTY OPERATIONS, (2) THE PAST, PRESENT OR FUTURE PRESENCE OR EXISTENCE OF ANY HAZARDOUS OR TOXIC WASTE, SUBSTANCES OR MATERIALS OF ANY KIND OR NATURE ("HAZARDOUS MATERIALS") ON, UNDER OR ABOUT THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE BUILDINGS) OR SURROUNDING LAND, (3) THE PAST, PRESENT OR FUTURE VIOLATIONS OF ANY RULES, REGULATIONS OR LAWS, NOW OR HEREAFTER ENACTED, REGULATING OR GOVERNING THE USE, HANDLING, STORAGE OR DISPOSAL OF HAZARDOUS MATERIALS (COLLECTIVELY, "ENVIRONMENTAL LAWS"), INCLUDING, WITHOUT LIMITATION, ANY AND ALL RIGHTS BUYER MAY NOW OR HEREAFTER HAVE TO SEEK CONTRIBUTIONS FROM THE SELLER PARTIES UNDER SECTION 113(F)(I) OF THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980 ("CERCLA"), AS AMENDED BY THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT OF 1986 ("SARA") (42 U.S.C. ss.9613), AS THE SAME MAY BE FURTHER AMENDED OR REPLACED BY ANY SIMILAR LAW, RULE OR REGULATION; AND (4) ANY AND ALL LIABILITY WHETHER KNOWN OR UNKNOWN NOW OR HEREAFTER EXISTING WITH RESPECT TO THE PROPERTY UNDER SECTION 107 OF CERCLA (42 U.S.C. ss.9607). THE FOREGOING WAIVER AND RELEASE SHALL NOT EXTEND OR APPLY TO THE FOLLOWING: (A) ANY BREACH BY SELLER OF SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN PARAGRAPH 9.1, (B) ANY CLAIMS BROUGHT AGAINST BUYER BY THIRD PARTIES (UNAFFILIATED TO BUYER) FOR PERSONAL INJURY, WHICH CLAIMS ACCRUED OR AROSE PRIOR TO THE CLOSING, AND (C) ANY CLAIMS BROUGHT AGAINST BUYER BY THIRD PARTIES (UNAFFILIATED TO BUYER) ARISING FROM SELLER'S BREACH OF CONTRACT OR SELLER'S CONDUCT NOT INVOLVING THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY.

_____ _____

SELLER'S INITIALS BUYER'S INITIALS

THE TERMS OF PARAGRAPH 14.1 AND 14.2 SHALL SURVIVE THE CLOSE OF ESCROW AND RECORDATION OF THE DEED.

14.3 NOTICE OF POTENTIAL CLAIM. To the extent that Jim Patterson, as Asset Manager for Seller, receives written notice of an actual claim regarding the Property for which Buyer is alleged to have liability, Seller shall forward a copy of such written notice to Buyer. The obligations set forth in this Paragraph 14.3 shall survive the Closing for one (1) year.

15. GENERAL PROVISIONS.

15.1 ASSIGNMENT.

(a) This Agreement shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective successors and permitted assigns.

(b) Except for an assignment to an affiliate of Buyer, a majority of interest in which is owned or controlled by Buyer, Buyer may only assign this Agreement and any interest or

right under this Agreement or under the Escrow after obtaining Seller's prior written consent, in Seller's sole and absolute discretion. Any assignment shall not relieve Buyer of its obligations under this Agreement.

15.2 ATTORNEYS' FEES AND/OR COSTS. In any action or proceeding between the parties to enforce or interpret any of the terms or provisions of this Agreement, the prevailing party in the action or proceeding shall be entitled to recover from the non-prevailing party, in addition to damages, injunctive relief or other relief, its reasonable costs and expenses, including, without limitation, costs and reasonable attorneys' fees, both at trial and on appeal.

15.3 NOTICES AND APPROVALS. All notices, approvals or other communications (collectively, "Notices") required or permitted under this Agreement shall be in writing, and shall be sent by one or more of the following: (i) personally delivered, (ii) sent by overnight mail (Federal Express or the like), (iii) sent by registered or certified mail, postage prepaid, return receipt requested, or (iv) sent by facsimile (provided that a follow-up hard copy of the facsimile is sent the same day by one of the other above methods). Notices shall be deemed received upon the earlier of (i) if personally delivered, the day of delivery, to the address of the person to receive such Notice, (ii) if sent by overnight mail, the first business day following its deposit in such overnight facility, (iii) if mailed, two (2) business days after the date of posting by the United State Post Office, or (iv) if by facsimile, the date of transmission. If multiple methods of providing notice have been used, the earlier date of deemed notice shall govern. In order to be effective, all Notices must be directed to the appropriate parties as follows.

To Seller:
IB Brell, L.P.

c/o Koll Bren Realty Advisors, Inc.

125 Summer Street, Suite 1640

Boston, Massachusetts 02110

Attention: James H. Patterson, II, Vice President

Telephone: (617) 345-0600

Facsimile: (617) 345-9200

With copies to:
James Chiboucas, Esq.

4343 Von Karman Avenue

Newport Beach, California 92660

Telephone: (714) 833-3030, ext. 398

Facsimile: (714) 852-9472

and

Scarinci & Hollenbeck

500 Plaza Drive, P.O. Box 3189

Secaucus, New Jersey 07096-3189

Attention: Victor E. Kinon, Esq.

Telephone: (201) 392-8900

Facsimile: (201) 348-3877

To Buyer:
Mack-Cali Realty, L.P. a Delaware Limited Partnership

11 Commerce Drive

Cranford, New Jersey 07016

Attention: Timothy M. Jones, EVP

Telephone: (908) 272-8000

Facsimile: (908) 272-6755

and

Mack-Cali Realty Acquisition Corporation

11 Commerce Drive

Cranford, New Jersey 07016

Attention: Roger W. Thomas, Executive Vice President

Telephone: (908) 272-8000

Facsimile: (908) 272-6755

With a copy to:
Andrew Levine, Esq.

Pryor Cashman Sherman & Flynn

410 Park Avenue

New York, New York 10023

Telephone: (212) 326-0414

Telecopier: (212) 326-0806

To Escrow Holder:
Chicago Title Company

16969 Von Karman Avenue

Irvine, California 92606

Attention: Joy Eaton

Telephone: (714) 263-0123

Facsimile: (714) 263-0356

15.4 CONTROLLING LAW. This Agreement shall be deemed to be entered into within Hudson County and shall be construed under the laws of the State of New Jersey in effect at the time of the signing of this Agreement.

15.5 TITLES AND CAPTION. Titles and captions are for

convenience only and shall not constitute a portion of this Agreement. References to Paragraph numbers are to Paragraphs in this Agreement, unless expressly stated otherwise.

15.6 INTERPRETATION. As used in this Agreement, mas culine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." If a dispute arises over the interpretation or construction of any provision, term or word contained in this Agreement, this document shall be interpreted and construed neutrally, and not against either Buyer or Seller.

15.7 NO WAIVER. A waiver by either party of a breach of any of the covenants, conditions or obligations under this Agreement to be performed by the other party shall not be con strued as a waiver of any succeeding breach of the same or other covenants, conditions or obligations of this Agreement.

15.8 MODIFICATIONS. Any alteration, change or modifi cation of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

15.9 SEVERABILITY. If any term or provision of this Agreement, or its application to any party or set of circum stances, shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term or provision to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and each shall be valid and enforceable to the fullest extent permitted by law.

15.10 INTEGRATION OF PRIOR AGREEMENTS AND UNDERSTANDINGS. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations, warranties and statements, whether oral or written, expressed or implied, are superseded in their entirety by this Agreement, and are of no force or effect, in whole or in part.

15.11 NOT AN OFFER. Seller's delivery of unsigned copies of this Agreement is solely for the purposes of review by Buyer, and neither the delivery nor any prior communications between Buyer and Seller, whether oral or written, shall in any way be construed as an offer by Seller, nor in any way imply that

Seller is under any obligation to enter the transaction which is the subject of this Agreement. The signing of this Agreement by Buyer constitutes an offer which shall not be deemed accepted by Seller unless and until Seller has signed this Agreement and delivered a duplicate original to Buyer.

15.12 TIME OF ESSENCE. Time is expressly made of the essence as to the performance of each and every obligation and condition of this Agreement.

15.13 POSSESSION OF PROPERTY. Buyer shall be entitled to possession of the Property only after the Closing and not before.

15.14 COUNTERPARTS. This Agreement may be signed in multiple counterparts which shall, when signed by all parties constitute a binding agreement.

15.15 EXHIBITS INCORPORATED BY REFERENCE. All exhibits attached to this Agreement are incorporated in this Agreement by this reference.

15.16 COMPUTATION OF TIME. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the Effective Date), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. All references to time shall be deemed to refer to Eastern Standard Time.

15.17 JOINT AND SEVERAL LIABILITY. If Buyer is composed of more than one individual or entity, all obligations and liabilities of Buyer under this Agreement shall be joint and several as to each of those individuals or entities who compose Buyer.

15.18 BUYER'S WORK PRODUCT CONCERNING THE PROPERTY. If for any reason Buyer fails to purchase the Property, and as a condition to the return of the Deposit to Buyer (if Buyer is so entitled), Buyer shall promptly deliver to Seller, at no cost or expense to Seller, all test results, studies, plans, or other materials prepared by Buyer, or its agents, employees or contractors, relating to the physical, environmental, engineering, or survey condition of the Property ("Work Product"), except to the extent protected by the attorney-client or attorney work product privileges. Also, Buyer will not be required to deliver any Work Product to Seller, the delivery of which would result in Buyer's violation of any terms of its written agreement with the preparer of the Work Product provided,

that Buyer shall use all reasonable efforts to enter into agreements with preparers of Work Product which do not prohibit the delivery of the Work Product to Seller. Following delivery, Seller may use this Work Product for any purpose. However, the delivery of any Work Product to Seller will be without any representation or warranty by Buyer as to the accuracy and validity of the content, information, or conclusions contained in the Work Product.

15.19 NO OBLIGATIONS TO THIRD PARTIES. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than Seller and Buyer. There are not any third party beneficiaries to this Agreement, including, without limitation, the Broker.

15.20 SURVIVAL OF COVENANTS. Except as otherwise limited pursuant to the terms of the Agreement, the covenants, agreements, indemnitees, representations and warranties of Buyer and Seller shall survive the Close of Escrow and shall not merge into the Deed.

"SELLER"

IB Brell, L.P., a Delaware limited partnership

By: KB Investors V, a California general partnership, general partner

By: KE Holdings, L.P., a Washington limited

partnership, general partner

By: Koll Investment Management, Inc.,
a California corporation, general partner

By: _____
Charles J. Schreiber, Jr.,
Executive Vice President

"BUYER"

Mack-Cali Realty, L.P. a Delaware Limited Partnership

By: Mack-Cali Realty Corporation
a Maryland Corporation

By:

Name:

Title:

EXHIBIT NO. 10.139

FIRST AMENDMENT TO PURCHASE AGREEMENT FOR REAL PROPERTY

THIS FIRST AMENDMENT TO PURCHASE AGREEMENT FOR REAL PROPERTY entered into the 23rd day of February, 1998 by and between IB BRELL, L.P. ("Seller") and MACK-CALI REALTY, L.P. ("Buyer").

WITNESSETH THAT:

WHEREAS, Seller and Buyer have entered in that certain Purchase Agreement for Real Property dated February 4, 1998 ("the Agreement") for the sale by Seller and acquisition by Buyer of certain real property and improvements located at 10 Mountainview Road, Upper Saddle River, New Jersey; and

WHEREAS, Seller and Buyer desire to amend the said Agreement as herein specifically set forth.

NOW THEREFORE, Seller and Buyer hereby agree to amend the Agreement as follows:

1. Section 2.4 through 2.7 are hereby deleted and the following is hereby inserted in lieu thereof:

"2.4 EFFECTIVE DATE. The effective date of this Agreement is February 23, 1998. ("Effective Date").

2.5 OUTSIDE DATE. The last day that Closing may occur shall be February 25, 1998 at 5:00 p.m.

2.6 TITLE APPROVAL PERIOD. The "Title Approval Period" shall end on February 24, 1998 at 5:00 p.m.

2.7 FEASIBILITY PERIOD. The "Feasibility Period" shall end on February 24, 1998 at 5:00 p.m."

2. The date "February 9, 1998" appearing in the second line of Section 4.4 is hereby deleted and the date "February 24, 1998" is hereby inserted in lieu thereof.

3. The following language is added at the end of subsection 3.23 on page 4.

"Notwithstanding the foregoing, either Seller or Buyer shall have the right at such time as the within transaction shall close to make a public announcement or set forth on Exhibit "N" attached hereto.

4. Exhibit "N" as attached hereto is hereby added to the Lease.

5. Notwithstanding the language of Section 7.5 Seller shall pay the realty transfer fee for the Property and Buyer shall pay all charges for the title insurance, commitments, and premiums (Standard Premiums, extended endorsements and coverages).

6. Except as herein specifically modified, all of the provisions of the original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Purchase Agreement for Real Property the date and year first above written.

"BUYER"

Mack-Cali Realty, L.P. a Delaware Limited Partnership

By: Mack-Cali Realty, Corporation
a Maryland Corporation

By: _____

(Print Name)
(Title)

EXHIBIT NO. 10.140

FIRST AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
CIELO CENTER, AUSTIN, TEXAS

This FIRST AMENDMENT TO AGREEMENT OF PURCHASE AND SALE (this "Amendment") is entered into as of March 12, 1998, by and between JMB Group Trust III, an Illinois common law group trust ("Seller"), and Mack-Cali Realty Acquisition Corp., a Delaware corporation ("Purchaser").

RECITALS

E. Seller and Purchaser entered into that certain Agreement of Purchase and Sale dated January 29, 1998 (the "Purchase Agreement") with respect to certain real property commonly known as Cielo Center.

F. The Purchase Agreement was terminated February 26, 1998.

G. Seller and Purchaser desire to amend the Purchase Agreement to (i) reinstate the Purchase Agreement, (ii) reflect changes desired as a result of the delayed delivery of the Updated Survey, (iii) allocate responsibility for certain outstanding tenant improvement obligations and (iv) address such other matters as are set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

1. Definitions. All capitalized terms used in this Amendment but not defined herein shall have the meanings assigned to them in the Purchase Agreement.

2. Reinstatement of Purchase Agreement. Notwithstanding the termination of the Purchase Agreement on February 26, 1998, by Purchaser, Purchaser and Seller hereby agree that the Purchase Agreement is reinstated and is in full force and effect, as amended by this Amendment.

3. Purchase Price. The Purchase Price shall be Thirty-Seven Million and no/100 Dollars ($37,000,000.00).

4. Closing Date.

(a) The Closing Date shall be March 12, 1998, unless it is extended in accordance with this Section 4.

(b) If the Updated Survey has not been received by Purchaser by 5:00 p.m. C.S.T. on March 9, 1998, the Closing Date shall be extended one business day for each business day of delay of such receipt beyond March 9, 1998; provided, however, that if Purchaser makes any objections to the Updated Survey in accordance with the Purchase Agreement and Section 5 of this Amendment, the Closing Date shall be further extended until such objections have been cured unless Seller elects not to cure such objections. If Seller elects not to cure such objections, Purchaser shall have the remedies set forth in Section 5 of this Amendment.

(c) Nothing in this Section 4 shall limit Purchaser's rights as set forth in Section 5 below.

5. Updated Survey.

(a) The Due Diligence Period is hereby extended to 5:00 p.m. C.S.T. on the date that is three business days after the receipt by Purchaser of the Updated Survey. During the extension period granted hereunder, Purchaser's right to conduct Due Diligence shall be limited to reviewing and making objections to the Updated Survey in accordance with the Purchase Agreement and this Section 5; provided, however, that nothing in this Amendment shall limit Purchaser's rights and remedies under Section 3.3 of the Purchase Agreement with respect to Seller's obligation to provide an updated Title Commitment that satisfies all of the objections made to the Title Commitment during the Title Review Period.

(b) If Purchaser has not received the Updated Survey by 5:00 p.m. C.S.T. on March 31, 1998, Purchaser may elect to terminate the Purchase Agreement, in which event neither party shall have any further obligations to the other party except for the Surviving Obligations.

(c) If Purchaser makes any objections to the Updated Survey (with respect to matters not shown on the Existing Survey) during the Due

Diligence Period, as extended by this Amendment, and the objections have not been cured by Seller on or before the Closing Date, Purchaser may waive such objections

and consummate the transaction contemplated by the Purchase Agreement, as amended hereby, or may terminate the Purchase Agreement, in which event neither party shall have any further obligations to the other party except for the Surviving Obligations.

(d) Exhibit C to the Purchase Agreement shall be deleted in its entirety and replaced with the following:

> The Updated Survey shall be a Category 1A, Condition II, Texas Land Title Survey as defined by the Manual of Practice for Land Surveying in the State of Texas published by the Texas Society of Professional Surveyors and shall additionally include a vicinity map, the flood zone designation, identification of setback and height restrictions of record or disclosed by applicable zoning ordinance, the exterior dimensions of all buildings at ground level, the number of all parking spaces (both regular and handicapped) and the striping of all parking spaces in the surface parking lot, and the location of all visible utilities serving the Property.

(e) Exhibit D to the Purchase Agreement shall be deleted in its entirety and replaced with the following:

> The Updated Survey shall have (i) the original signature and original seal of the surveyor and (ii) a certification, in a form reasonably satisfactory to Purchaser, to Mack-Cali Realty Acquisition Corp. and its successors and assigns, Mack-Cali Texas Property L.P., JMB Group Trust III, Near North National Title Corporation, and First American Title Insurance Company.

6. Tenant Improvement Obligations.

(a) The IT Corporation TI Obligation (as defined below) shall be withheld from the Purchase Price at Closing unless Seller provides evidence satisfactory to Purchaser that the IT Corporation TI Obligation has been paid prior to Closing. If the IT Corporation TI Obligation is withheld from the Purchase Price at Closing, Purchaser shall assume the obligation for payment of the IT Corporation TI Obligation. For purposes of this Amendment, "IT Corporation TI Obligation" means the obligation of the landlord under the Office Lease between IT Corporation and JMB Group Trust III, dated March 8,

1991, as amended, to pay IT Corporation $35,945.58 for recarpetting and repainting, less the $4,112.00 expended by Seller, for the benefit of IT Corporation, on work done to comply with the Americans with Disabilities Act.

(b) The Tejas Securities TI Obligation (as defined below) shall not be paid by Seller prior to Closing or withheld from the Purchase Price at Closing but shall become the obligation of Purchaser upon Closing. For purposes of this Amendment, "Tejas Securities TI Obligation" means the obligation of the landlord under the Office Lease between Tejas Securities Group, Inc. ("Tejas") and JMB Group Trust III, dated April 24, 1995, as amended, to pay Tejas $12,996.00 for tenant improvements.

7. Assignment. The last sentence of Section 16 of the Purchase Agreement shall be deleted in its entirety and replaced with the following:

> Seller's consent to any such assignment shall be conditioned upon Seller's receipt of the following not less than one (1) business day prior to the Closing Date: (i) a duly executed express assumption of all of the duties and obligations of Purchaser by the proposed assignee in the form of Exhibit B-1 attached hereto, and (ii) an ERISA certificate, in the form attached hereto as Exhibit B and the content of which is satisfactory to Seller.

8. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together will constitute one and the same Amendment, and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. This Amendment shall be legally binding upon receipt by each party of the facsimile or the original signature of the other party.

9. No Further Amendment. Except as amended by this Amendment, all terms of the Purchase Agreement remain in full force and effect.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Amendment to be duly executed as of the date first set forth above.

JMB GROUP TRUST III, an Illinois
common law group trust

By:
Heitman Capital Management
Corporation, its attorney-in-fact

By:
Name:
Title:

MACK-CALI REALTY ACQUISITION CORP., a
Delaware corporation

By:
Name:
Title:

EXHIBIT NO. 10.141

AGREEMENT OF PURCHASE AND SALE
CIELO CENTER, AUSTIN, TEXAS

THIS AGREEMENT OF PURCHASE AND SALE is made and entered into this 27th day of January, 1998 by and between JMB Group Trust III, an Illinois common law group trust ("Seller"), having an address of c/o Heitman Capital Management Corporation, 180 North LaSalle Street, Suite 3600, Chicago, Illinois 60601-6789, Attention: Howard J. Edelman; facsimile number (312) 541-6738, and Mack-Cali Realty Acquisition Corp., a Delaware corporation ("Purchaser"), having an address of 3030 LBJ Freeway, Suite 1500, Dallas, Texas 75234, Attention: Darryl Freling; facsimile number (972) 888-8029.

RECITALS

Seller is the owner of a parcel of real estate in Austin, Texas, legally described on Exhibit A attached hereto and all buildings thereon (the "Real Property", which together with any and all appurtenances thereto and Seller's right, title and interest in and to (a) all streets, roads, alleys, easements, rights of way, rights of ingress and egress, and vehicle parking rights abutting, adjacent, used in connection with or pertaining to the Real Property or improvements thereon, (b) strips or gores between the Real Property and abutting or adjacent properties, (c) all water and water rights, and mineral interests pertaining to the Real Property, (d) any personal property to be conveyed pursuant hereto and (e) the following to the extent the following pertain to the Real Property and are assignable: (i) all plans, specifications and drawings, (ii) existing environmental and engineering reports, (iii) all permits, licenses and certificates, (iv) all Service Contracts and Leases to be assigned to Purchaser, and (v) all trade names and trademarks, including the right to use the name Cielo Center, are collectively referred to as the "Property"), commonly known as the Cielo Center. The Property includes three six story office buildings.

Subject to and on the terms and provisions of and for the considerations set forth in this Agreement, Seller has agreed to sell, and Purchaser has agreed to buy, the Property.

NOW, THEREFORE, the parties hereto hereby agree as follows:

H. Definitions. As used in this Agreement, the following terms have the following meanings:

Closing Date. As agreed in writing between Seller and Purchaser but no later than ten days after the expiration of the Due Diligence Period.

Due Diligence Period. The period commencing on December 16, 1997 and ending at 5:00 p.m. (C.S.T.) on February 26, 1998.

Escrow Company. Near North National Title Corporation.

Title Company. Near North National Title Corporation, as agent for First American Title Insurance Company or Ticor Title Insurance Company.

I. Sale; Purchase Price.

1. Subject to the terms and provisions hereof, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller the Property.

2. The total purchase price (hereinafter called the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be Thirty-Nine Million Five Hundred Thousand and no/100 Dollars ($39,500,000.00). The Purchase Price shall be
payable in the following manner:

(a) Earnest Money. Purchaser shall, within two (2) business days after the execution and delivery of this Agreement by Purchaser and Seller, deposit with the Escrow Company, as escrow agent, the amount of One Million and 00/100 Dollars ($1,000,000.00) (hereinafter called the "Earnest Money") which Earnest Money shall be in the form of a wire transfer (in accordance with Wiring Instructions attached to Exhibit B) of immediately available United States of America funds. The Earnest Money shall become nonrefundable at 5:00 p.m. (C.S.T.) on the last day of the Due Diligence Period unless this Agreement is terminated prior to the expiration of the Due Diligence Period. The Earnest Money shall be held and disbursed by the Escrow Company acting as escrow agent pursuant to the Earnest Money Escrow Agreement in the form of Exhibit B attached hereto which the parties have executed simultaneously with this Agreement. The Earnest Money shall be invested in a federally issued or insured interest bearing instrument with any interest accruing thereon being

deemed part of the Earnest Money and shall be paid to the party to which the Earnest Money is paid pursuant to the provisions hereof. If the sale hereunder is consummated in

accordance with the terms hereof, the Earnest Money and any interest thereon shall be applied to the Purchase Price to be paid by Purchaser at the Closing. In the event of a default hereunder by Purchaser or Seller, the Earnest Money shall be applied as provided herein.

(b) Cash Balance. Purchaser shall pay the balance of the Purchase Price, subject to the prorations described in Section 5 below, in cash (the "Cash Balance") by wire transfer of immediately available United States of America funds to the Title Company for payment to Seller, in accordance with the terms and conditions of this Agreement no later than 11:00 am C.S.T. on the Closing Date.

J. Conditions Precedent. In the event any of the conditions set forth in Sections 3.2(b), 3.3, 3.4 or 4.2 below shall not have been fulfilled, accepted or deemed accepted or waived as provided herein on or before the applicable dates specified herein, Purchaser shall have the right to terminate this Agreement by giving written notice thereof to Seller on or before the respective dates specified herein, and thereupon all Earnest Money less One Hundred Dollars ($100.00) to be retained by Seller as consideration for this Agreement ("Seller Retention") shall be refunded to Purchaser and neither party shall have any further rights or obligations hereunder, except for the Surviving Obligations (as hereinafter defined).

1. Seller's Deliveries. Seller has delivered or made available to Purchaser true and complete copies of the following items relating to the Property which are in Seller's possession:

(a) all leases, occupancy agreements and amendments thereto which are listed on Schedule 1, and referenced in Section 6.6 (the "Leases");

(b) all service contracts, equipment leases and other agreements which are listed on Schedule 2 ("Service Contracts");

(c) copies of the real estate tax bills for the current year and two prior years, if available;

(d) all existing environmental reports and other environmental documentation, including any Phase I or Phase II environmental report, any sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports and any correspondence to or from any governmental authority, and any

existing structural, soils, engineering or other reports.

(e) the existing owner's title policy;

(f) the existing survey dated September, 1985 (the "Existing Survey");

(g) annual operating statements for the Property for the last three calendar years and monthly operating statements for the months in the current year;

(h) existing plans and specifications;

(i) copies of all Lease Proposals (as defined in Section 15(b)) presently outstanding;

(j) all operating permits, licenses, certificates of occupancy and other approvals;

(k) copies of Seller's certificates of insurance insuring the Property;

(l) the most recent rent roll prepared by Seller in the ordinary course of its business;

(m) all files pertaining to leasing at the Property;

(n) copies of any warranties and guaranties still in effect relating to construction of the Property or pertaining to building systems, building components and/or personal property; and

(o) all current files pertaining to maintenance and operation of the Property since January 1, 1995.

Seller shall provide to Purchaser any documents described in this

Section 3.1 and first coming into Seller's possession or produced by Seller after the initial delivery and continue to provide the same during the pendency of this Agreement.

In the event this Agreement terminates for any reason, Purchaser shall immediately return to Seller all written information delivered by Seller or Seller's agent(s) to Purchaser or Purchaser's agent(s). The foregoing provision shall survive termination of this Agreement.

2. Due Diligence. Purchaser and its representatives

shall be permitted to enter upon the Property at any reasonable time and from time to time before the Closing Date to examine, inspect and investigate the Property as well as all records and other documentation provided by Seller or located at the Property (collectively, "Due Diligence"). The Due Diligence shall be subject to the terms, conditions and limitations set forth in this Section 3.2.

(a) Purchaser shall have a right to enter upon the Property for the purpose of conducting its Due Diligence provided that in each such instance (i) Purchaser notifies Seller of its intent to enter the Property to conduct its Due Diligence not less than 48 hours prior to such entry; (ii) the date and approximate time period are scheduled with Seller; and (iii) Purchaser is in full compliance with the insurance requirements set forth in Section 3.2(f) hereof. At Seller's election, a representative of Seller shall be present during any entry by Purchaser or its representatives upon the Property for conducting its Due Diligence. Purchaser shall take all necessary actions to insure that neither it nor any of its representatives interfere with the tenants or ongoing operations occurring at the Property. Purchaser shall not cause or permit any mechanic liens, materialmen's liens or other liens to be filed against the Property as a result of its Due Diligence. Subject to the provisions of Section 6.18, such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of any representation, warranty, covenant or agreement of Seller which might, or should have been disclosed by such inspection. In addition, Seller shall cooperate with Purchaser in facilitating its Due Diligence inquiry.

(b) Purchaser shall have through the last day of the Due Diligence Period in which to conduct its Due Diligence and, in Purchaser's sole discretion, to determine whether the Property is acceptable to Purchaser. If during the Due Diligence Period, Purchaser becomes aware of any problem or defect in the Property or any other aspect of the Property which Purchaser determines makes the Property unsuitable to Purchaser or if Purchaser otherwise determines for any reason not to acquire the Property, Purchaser may terminate this Agreement by giving written notice of termination to Seller on or before 5:00 p.m. (C.S.T.) on the last day of the Due Diligence Period. If Purchaser does not timely give notice of termination as aforesaid, Purchaser shall be deemed to have accepted the Property and this Agreement shall continue in full force and effect. In the event of such termination, the Earnest Money less Seller Retention shall be returned to Purchaser and neither party shall have any further obligations to the other party hereunder,

except for the Surviving Obligations.

(c) Purchaser shall, at least thirty-one (31) days prior to the Closing Date, notify Seller in writing requesting termination of any or all of the Service Contracts, which are noted on Schedule 2 as being terminable upon thirty (30) days notice, that Purchaser does not elect to assume. If Purchaser does not timely give notice requesting termination of a Service Contract, Purchaser shall be deemed to have accepted the assumption of such Service Contract. Purchaser shall assume all other Service Contracts. Seller shall terminate effective as of the Closing Date at its sole cost all Service Contracts which Purchaser elects not to assume in accordance with the terms hereof.

(d) Purchaser shall have the right to conduct, at its sole cost and expense, any inspections, studies or tests including, without limitation, environmental inspections, studies and tests, that Purchaser deems appropriate in determining the condition of the Property, provided, however, Purchaser is not permitted to perform any intrusive testing, including, without limitation, a Phase II environmental assessment or boring, without (i) submitting to Seller the scope and inspections for such testing; and (ii) obtaining the prior written consent of Seller which consent shall not be unreasonably withheld except that Seller may withhold consent to borings into the ground water in its sole and absolute discretion.

(e) Purchaser agrees and covenants with Seller not to disclose to any third party (other than lenders, accountants, attorneys and other professionals and consultants in connection with the transaction contemplated herein) without Seller's prior written consent, unless Purchaser is obligated by law, or rule of any stock exchange to make such disclosure, any of the reports or any other documentation or information obtained by Purchaser which relates to the Property or Seller in any way, all of which shall be used by Purchaser and its agents solely in connection with the transaction contemplated hereby. In the event that this Agreement is terminated, Purchaser

agrees that all such information will be held in strict confidence.

(f) Purchaser agrees to indemnify, defend and hold Seller and its partners, trustees, beneficiaries, shareholders, members, managers, advisors and other agents and their respective partners, trustees, beneficiaries, employees, officers, directors and shareholders (the "Indemnified Parties") harmless from and against any and all claims, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and

court costs) suffered or incurred by any of the Indemnified Parties as a result of or in connection with any activities of Purchaser (including activities of any of Purchaser's employees, consultants, contractors or other agents) relating to the Property, including, without limitation, mechanics' liens, damage to the Property, injury to persons or property resulting from such activities in connection therewith, and in the event that the Property is disturbed or altered in any way as a result of such activities. Purchaser shall promptly restore the Property to substantially its condition existing prior to the commencement of such activities which disturb or alter the Property. Notwithstanding any contrary provision in this Section 3.2(f), in no event shall Purchaser have any obligation under this Section 3.2(f) if it discovers any environmental contamination at the Property in connection with its Due Diligence Activities. Furthermore, Purchaser agrees to maintain and cause any of its representatives or agents conducting any Due Diligence to maintain and have in effect commercial general liability insurance with (i) all occurrence coverage, (ii) waiver of subrogation, and (iii) limits of not less than One Million and 00/100 Dollars ($1,000,000.00) for personal injury, including bodily injury and death, and property damage. Such insurance shall name the Seller, Heitman Capital Management Corporation ("HCMC") and Heitman Properties of Texas Ltd. and their respective partners, trustees, beneficiaries, shareholders, members, employees, officers and directors as additional insured parties. Purchaser shall deliver to Seller a copy of the certificate of insurance effectuating the insurance required hereunder prior to the commencement of such activities which certificate shall provide that such insurance shall not be terminated or modified without at least thirty (30) days' prior written notice to Seller.

(g) Purchaser acknowledges and agrees that it shall have no right to review or inspect any of the following: (i) internal memoranda, correspondence, analyses, documents or reports prepared by or for Seller or an affiliate of Seller in connection with (A) this Agreement, (B) the transaction contemplated by this Agreement, (C) the acquisition of the Property by Seller (other than environmental, engineering, soils and similar reports) or (D) any prior or current contemplated reorganization of Seller and certain affiliated funds, (ii) communications between Seller and HCMC or any of its affiliates, and (iii) appraisals, assessments or other valuations of the Property in the possession of Seller or HCMC.

(h) Section 3.2(e) shall survive termination of this Agreement, but not Closing, and Section 3.2(f) and such

other designated provisions in this Agreement shall survive Closing or any termination of this Agreement as specified herein (collectively, the "Surviving Obligations").

3. Title and Survey. Seller shall, at Seller's sole cost and expense, obtain and deliver to Purchaser for Purchaser's review a commitment for a standard Texas owner's policy of title insurance along with a copy of each instrument listed as an exception thereon (the "Title Commitment") on the Real Property issued by the Title Company and the Existing Survey. During the Due Diligence Period, Purchaser shall have the right to request, at its sole cost and expense, any desired endorsements to the final title policy which are available, if any, as well as deletion of the survey exception. Purchaser may elect to receive an update to the Existing Survey (the "Updated Survey") by notifying Seller of such election in writing within five (5) days after Purchaser's receipt of the Existing Survey. If Purchaser so elects, Seller shall, at Purchaser's sole cost and expense, obtain and deliver to Purchaser for Purchaser's review the Updated Survey. The Updated Survey shall: (i) be made in accordance with the specifications listed on Exhibit C attached hereto, and (ii) contain a certification in the form set forth on Exhibit D attached hereto. Purchaser shall have until the date which is fifteen (15) days after receipt of the Title Commitment and Existing Survey (such date being referred to as the "Title Review Date") for examination of Title Commitment and Existing Survey and the making of any objections thereto, said objections to be made in writing and delivered to Seller on or before 5:00 p.m. (C.S.T.) on the Title Review Date. If Purchaser shall fail to make any objections on or before the Title Review Date, Purchaser shall be deemed to have accepted all exceptions to the Title Commitment and the form and substance of the Existing Survey and all matters shown thereon; all such exceptions and matters and any exceptions or matters caused by or through Purchaser shall be included in the term "Permitted Exceptions" as used herein. In the event Purchaser elects to receive the Updated Survey, then Purchaser shall have until the expiration of the Due Diligence Period for examination of the Updated Survey and the making of objections only to matters shown thereon that were not shown on the Existing Survey, such objections to be made in writing and delivered to Seller on or before the expiration of the Due Diligence Period. If Purchaser shall fail to make any such objections to the Updated Survey on or before the expiration of the Due

Diligence Period, Purchaser shall be deemed to have accepted the form and substance of the Updated Survey and all matters shown thereon; all such exceptions and matters and any exceptions or matters caused by or through the Purchaser shall be included as Permitted Exceptions. If any objections to (i) the

Title Commitment or Existing Survey are made within the Title Review Period, or (ii) the Updated Survey with respect to matters not shown on the Existing Survey are made before the expiration of the Due Diligence Period, then Seller shall have the right, but not the obligation, to cure (by removal, endorsement or otherwise) such objections on or before the Closing Date; provided, however, Seller shall be obligated (a) to cause to be released on or before the Closing Date any monetary liens or security interests created by, through or under Seller and any ad valorem taxes due and payable on the Property, and (b) to cause to be released, on or before Closing Date, liens created by, through or under third parties but in no event will Seller be obligated to expend or incur any expense or liability for such cure for liens or security interests created by, through or under third parties in excess of an aggregate of Two Hundred Thousand Dollars ($200,000), and failure to do so shall be a default for which the provisions of Section 17(a) shall apply. If the objections which the Seller has the right but not the obligation to cure are not cured by Seller by the scheduled Closing Date, then Purchaser may as its only option, elect to either: (i) waive such objection and consummate the transaction contemplated by this Agreement; or (ii) terminate this Agreement, in which event the Earnest Money less Seller Retention shall be returned to Purchaser and neither party shall have any further obligations to the other party except for the Surviving Obligations.

4. Tenant Estoppels. Seller shall deliver to Purchaser, no later than five (5) days prior to the Closing Date, estoppel certificates, in the form of Exhibit E attached hereto or in the form of estoppel required under such tenant's lease, from tenants leasing at least ninety percent (90%) of the square footage of the Property currently leased, which shall include all tenants leasing 4,000 square feet or more of the Property, and such estoppels shall not disclose any facts objectionable to Purchaser in its reasonable opinion.

K. Closing; Conditions; Deliveries.

1. Time, Place and Manner of Closing. The Closing shall be held on the Closing Date in the offices of the Title Company or at any location mutually acceptable to the parties.

2. Condition to Parties' Obligation to Close. In addition to all other conditions set forth herein, the obligation of Seller, on the one hand, and Purchaser, on the other hand, to consummate the transaction contemplated hereunder shall be contingent upon the following:

(a) The other party's representations and warranties contained herein shall be true and correct in all material respects as of the date of this Agreement and the Closing Date;

(b) As of the Closing Date, the other party shall have performed its obligations hereunder in all material respects and all deliveries to be made at Closing have been tendered;

(c) As of the Closing Date, no material litigation (other than litigation listed on the original Schedule 3 hereto) shall be pending affecting the Property, and there shall exist no pending action, suit or proceeding with respect to the other party before or by any court or administrative agency which seeks to restrain or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transactions contemplated hereby;

(d) Simultaneously with execution of this Agreement, Purchaser shall have delivered to Seller a fully executed original ERISA certificate in the form of Exhibit F attached hereto; and

(e) Seller shall promptly notify Purchaser of, and promptly deliver to Purchaser, a certified true and complete copy of any written notice Seller may receive, on or before the Closing Date, from any governmental authority, concerning a violation of Environmental Laws or a release, discharge, spill, emission or leak of Hazardous Materials on, under, at, emanating from or affecting the Property.

3. Deliveries. At Closing each party shall execute and deliver to the other and/or the Title Company the following documents:

(a) Seller shall deliver to Purchaser and/or the Title Company:

(i) a special warranty deed (the "Deed") to the Property in recordable form, duly executed by Seller and acknowledged and in substantially the same form as set forth in Exhibit G attached hereto, conveying

to Purchaser title to the Real Property, subject to the Permitted Exceptions;

(ii) a bill of sale duly executed by Seller and in substantially the same form as set forth in Exhibit H attached hereto, conveying to Purchaser title to all personal property owned by Seller and located at or used in connection with the

operation of the Real Property, if any;

(iii) an assignment to Purchaser of the Leases duly executed by Seller and in substantially the same form as set forth in Exhibit I attached hereto;

(iv) an assignment to Purchaser of the Service Contracts being assumed hereunder, and all licenses, permits, plans, specifications, trademarks and trade names affecting the Property (to the extent the foregoing are freely assignable) duly executed by Seller and in substantially the same form as set forth in Exhibit J attached hereto;

(v) a non-foreign transferor certification pursuant to Section 1445 of the Internal Revenue Code and any similar provisions of applicable state law, in substantially the same form as set forth on Exhibit K attached hereto (the "Affidavit");

(vi) a certified resolution of Seller certifying that Seller has the legal power, right and authority to consummate the sale of the Property;

(vii) a Uniform Commercial Code search dated within seven (7) business days of Closing showing no liens; and

(viii) originals of Leases and Service Contracts being assumed hereunder.

(b) Purchaser shall deliver to Seller or the Title Company:

(i) the Cash Balance, by wire transfer, as provided in Section 2.2 hereof;

(ii) an assumption duly executed by the Purchaser of the assignments described in Sections 4.3(a)(iii) and (iv); and

(iii) a certified resolution of Purchaser certifying that Purchaser has the legal power, right and authority to consummate the purchase of the Property.

(c) Seller and Purchaser shall jointly deliver to the Title Company:

(i) A closing statement;

(ii) All transfer declarations or similar documentation required by law;

(iii) Letters to the tenants of the Property in the form of Exhibit L attached hereto; and

(iv) Notices in substantially the form attached hereto as Exhibit M attached hereto to the other party to each Service Contract assumed by Purchaser pursuant to Section 3.2(c) of this Agreement.

(d) The Title Company shall deliver to Purchaser an initialed mark-up of the Title Commitment, extending the effective date to the Closing Date, insuring Purchaser as owner of the Real Property, and removing all exceptions other than Permitted Exceptions.

4. Permitted Termination. So long as a party is not in default hereunder, if any condition to such party's obligation to proceed with the Closing hereunder has not been satisfied or waived as of the Closing Date or such earlier date as provided herein, such party may, in its sole discretion, terminate this Agreement by delivering written notice to the other party before the Closing Date (in which event the Earnest Money, less Seller Retention, shall be returned to Purchaser), or elect to close, notwithstanding the non-satisfaction of such condition, in which event such party shall be deemed to have waived any such condition.

L. Prorations. All items of income and expense shall be paid, prorated or adjusted as of the close of business on the day prior to the Closing Date (the "Proration Date") in the manner hereinafter set forth:

1. Purchaser shall be credited with (i) the amount of (A) all rents and (B) all expense contributions, real estate tax contributions, and other

reimbursements from tenants ("Tenant Contributions") received by Seller and attributable to any month commencing after the Closing Date and (ii) all unapplied cash security deposits held by Seller and which were made by tenants under all leases of the Real Property in effect as of the Closing Date.

2. All rents and Tenant Contributions for the month of Closing shall be prorated between Purchaser and Seller based upon their respective days of ownership for such month in which the Closing occurs. Neither Purchaser nor Seller shall receive credit at Closing for any payments of rental obligations due but

not paid as of the Proration Date. At the time of each of the final calculations and collections from tenants of Tenant Contributions for 1998, whether in the nature of a reconciliation payment or full payment, in arrears, there shall be a reproration between Purchaser and Seller as to the Tenant Contributions. Such reproration shall not be made on the basis of a per diem method of allocation, but shall instead be apportioned between Seller and Purchaser on the basis of the relative share of actual expenses in question incurred by Seller and Purchaser during the lease year in question. Seller covenants to provide Purchaser with any information necessary to finalize such calculation. Purchaser covenants to bill tenants for amounts due from tenants attributable to periods prior to Closing (including, without limitation, 1997 Tenant Contributions due from Tenants based on reconciliation calculations furnished to Purchaser by Seller) and diligently pursue collections from tenants and, as collected, to timely deliver to Seller amounts due Seller, provided, however, Purchaser shall not be required to sue any tenant for amounts due from such tenant.

3. Intentionally Omitted.

4. Any amounts received from tenants after Closing shall be applied on a tenant by tenant basis in the following order: (i) first on account of any amount due Purchaser from such tenant(s); (ii) next, on account of any amount due Seller from such tenant(s) for the period up to and including the Proration Date and (iii) finally, any balance then remaining to Purchaser. Seller retains the right to pursue its remedies against tenants after Closing for any delinquent payments or other amounts owed to Seller, except for actions or proceedings affecting possession or landlord liens. However, Seller will not exercise any such rights or remedies unless such delinquent rents have not been collected by Purchaser and paid to Seller within three (3) months after the Closing Date. Any money due to Seller shall be remitted to Seller, less a proportionate share of any reasonable attorneys' fees and third party costs and expenses in connection with collection thereof, within five days after the end of the month in which it was received by Purchaser.

5. Operating expenses, including, without limitation, payments under Service Contracts to be assigned to Purchaser, permits, licenses, membership dues, and any other prepaid expenses, shall be prorated between Purchaser and Seller based upon the actual days of their respective ownership of the Property utilizing the actual expenses or reasonable estimates.

6. Real estate taxes shall be prorated between Seller and

Purchaser based upon the actual days of ownership of the parties for the year in which Closing occurs utilizing the most recent ascertainable tax bill(s). Seller and Purchaser agree to reprorate said real estate taxes upon Purchaser's receipt of the actual tax bill for the tax year in question, if any. Seller reserves the right (a) to meet with governmental officials and to contest any reassessment governing or affecting Seller's obligations under this Section, and (b) to contest any assessment of the Property or any portion thereof and to attempt to obtain a refund for any taxes previously paid. Seller shall retain all rights with respect to any refund of taxes applicable to any period prior to the Closing Date.

7. Except for utilities billed directly to Tenants, utilities shall be prorated as of the Proration Date based upon either meter readings on the Proration Date or the prior month's actual invoices. Seller shall be credited with any unapplied utility deposit in effect as of the Closing Date to the extent such deposit is assignable.

8. Purchaser shall be responsible for and pay for both: (a) the cost of all tenant improvements, concessions, inducements and abatements, and (b) all leasing commissions due and payable as a result of leases made pursuant to (i) Proposals listed on Schedule 4 attached hereto, (ii) any lease entered into after the date hereof through the date which is five (5) days prior to the expiration of the Due Diligence Period, and (iii) any Proposal which Purchaser approved, or is deemed to have approved as provided in Section 15. Purchaser shall receive a credit on the Closing Date equal to all leasing commissions due to leasing or other agents for the current remaining term of each Lease listed or required to be listed on Schedule 1 (determined without regard to any unexercised termination or cancellation right), discounted to present value using reasonable discount rates; provided, however, Seller shall have no liability for any deferred commission due to the Emerson Groups for the lease to Globeset, Inc. in the aggregate amount of $31,040.36. Purchaser shall assume, in writing, the obligation to pay any such leasing commissions due thereunder after the Closing Date up to the amount of such credit (without discount). Purchaser

shall promptly return to Seller any such commission (without discount) that, due to later events, does not become due and payable. At Closing, Purchaser shall assume leasing commissions for renewals or expansions under any Lease identified in Schedule 1 as a result of the exercise of such right after the effective date of this Agreement. If by Closing Seller has not completed and paid in full for all tenant improvement expenses, tenant allowances, concessions, inducements and abatements which are the obligation

of landlord under the Leases listed or required to be listed on Schedule 1 but excluding obligations on which Seller has not commenced work and which are not required to be completed prior to Closing ("TI Obligations"), then such costs as reasonably agreed by Purchaser and Seller shall be withheld from the Purchase Price at Closing and Purchaser shall be responsible for completing and paying such TI Obligations. Anything in the prior sentence to the contrary notwithstanding, the obligations for work or allowance under the New York Life Insurance Company lease shall be a TI Obligation. Any funds withheld shall be used by Purchaser to pay the landlord's share of such tenant improvement and allowances. If there are any funds remaining after payment of such TI Obligations, such excess shall be paid by Purchaser to Seller; but if the amount withheld is insufficient for the purpose, Seller shall reimburse Purchaser for such deficiency on demand.

9. All insurance policies and property management agreements shall be terminated as of the Closing Date and there shall be no proration with respect to these items.

All other items which are customarily prorated in transactions similar to the transaction contemplated hereby and which were not heretofore dealt with, will be prorated as of the Proration Date. In the event any prorations or computations made under this Section are based on estimates or prove to be incorrect, then either party shall be entitled to an adjustment to correct the same, provided that it makes written demand on the party from whom it is entitled to such adjustment within one hundred and twenty days after the end of the current calendar year. Purchaser shall indemnify and hold Seller harmless from and against any and all claims for which Purchaser received credits pursuant to this Section 5. The indemnity set forth in the immediately preceding sentence and the covenants contained in this Section 5 shall survive Closing and constitute Surviving Obligations.

M. Seller's Representations, Warranties and Covenants. Seller hereby represents, warrants and covenants to Purchaser as follows:

1. Power. Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein and to consummate the transactions contemplated hereby.

2. Requisite Action. All requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments

referenced herein and the consummation of the transactions contemplated hereby. No consent of any partner, shareholder, member, creditor, investor, judicial or administrative body, authority or other party is required which has not been obtained to permit Seller to enter into this Agreement and consummate the transaction contemplated hereby.

3. Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

4. Validity. This Agreement and all documents required hereby to be executed by Seller are and shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms.

5. Conflicts. None of the execution and delivery of this Agreement and documents referenced herein, the incurrence of the obligations set forth herein, the consummation of the transactions herein contemplated or referenced herein conflicts with or results in the material breach of any terms, conditions or provisions of or constitutes a default under, any bond, note, or other evidence of indebtedness or any contract, lease or other agreements or instruments to which Seller is a party.

6. Leases. Attached hereto as Schedule 1 is a complete and accurate list of the leases, occupancy agreements and amendments thereto relating to the Property, which shall be updated by Seller prior to Closing, if necessary, by adding thereto leases executed after the date hereof through Closing and all Proposals which are approved or deemed approved by Purchaser as provided under Section 15.

7. Service Contracts. Attached hereto as Schedule 2 is a complete and accurate list of the service contracts, equipment leases and other agreements (other than Leases) relating to the Property, which shall be updated by Seller prior to Closing, if necessary for all such contracts and agreements entered

into or terminated in accordance with this Agreement.

8. Notices. Seller has not received any written notice that the Property, and all present uses and operations thereof, are in violation of any applicable deed restrictions or any covenants and restrictions affecting the Property or any zoning, land-use, building, fire, health or safety laws.

9. Litigation. Except as set forth on Schedule 3 no

litigation has been served upon Seller, nor to the best of the Seller's knowledge has been filed, or threatened in writing, affecting the Property. Schedule 3 shall be updated by Seller prior to Closing, if necessary.

10. Environmental Condition. Seller has no knowledge of or notice of any violation of Environmental Laws or Environmental Permits (as hereinafter defined) related to the Property or the presence or release (other than as permitted by law) of Hazardous Materials on, under, at, or emanating from the Property except as disclosed in the environmental reports delivered by Seller to Purchaser or made available by Seller for Purchaser's review, which are listed on Schedule 5. Schedule 5 shall be updated by Seller prior to Closing, if necessary. There are no above-ground or to Seller's knowledge underground tanks at the Property. The term "Environmental Laws" includes, without limitation, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") and other federal laws governing the environment as in effect on the date of this Agreement together with their implementing regulations and guidelines as of the date of this Agreement, and all state, regional, county, municipal and other local laws, regulations and ordinances that are equivalent or similar to the federal laws recited above or that purport to regulate or are in any way related to Hazardous Materials in effect as of the date of this Agreement. "Hazardous Materials" means any substance which is (i) designated, defined, classified or regulated as a hazardous substance, toxic substance, hazardous material, hazardous waste, pollutant or contaminant under any Environmental Law, as currently in effect as of the date of this Agreement, (ii) petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products and derivatives, (iii) PCBs, (iv) lead, (v) friable asbestos, (vi) flammable explosives, (vii) infectious materials, (viii) radioactive materials or (ix) ureaformaldehyde. "Environmental Permits" means any federal, state, county or local license, certificate, permit or authorization issued under or in connection with any Environmental Laws.

11. Inspection Items. Copies of all items provided to or made available to Purchaser under Section 3.1 are true and complete copies of the originals of each such instrument.

12. Leases. The Leases represent all of the written and oral obligations of Seller with respect to space in the Property.

13. Condemnation. There are no condemnation proceedings pending or to Seller's knowledge threatened with respect to any

portion of the Property.

14. ERISA Plans. Attachment B to the ERISA certificate attached hereto as Exhibit F sets forth a complete list of each employee benefit plan (within the meaning of Section 3(3) of ERISA) which owns an interest in Seller.

15. Disposal Facilities. The Property has not been used during Seller's period of ownership as a transfer station, incinerator, resource recovery facility, landfill or other similar facility for receiving or treating, storing or disposing of waste, garbage, refuse and other discarded materials resulting from, without limitation, industrial, commercial, agricultural, domestic and community activities including without limitation, sanitary, hazardous, medical, special or other waste.

16. Environmental Documentation. Seller has provided Purchaser with all environmental documentation relating to the Property in its possession or in the possession of HCMC, Heitman Properties of Texas Ltd., Heitman Financial Ltd. or any of its subsidiaries, including without limitation, all sampling plans, cleanup plans, preliminary assessment plans and reports, site investigation plans and reports, remedial investigation plans and reports, remedial action plans and reports, or the equivalent, correspondence to or from any governmental authority, submissions to any governmental authority and directives, orders, approvals and disapprovals issued by any governmental authority and shall continue to do so after the execution of this Agreement promptly upon their receipt.

17. Use of Property. No portion of the Property has ever been used by Seller to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Hazardous Materials.

18. Indemnity. Seller shall indemnify, defend and hold Purchaser harmless from and against any and all claims, actions, judgments, liabilities, liens, damages, penalties, fines, costs and reasonable attorneys' fees, foreseen or unforeseen, asserted against, imposed on or suffered or incurred by Purchaser (or the Property) directly or indirectly arising out of or in connection with

any breach of the warranties, representations and covenants set forth in this Section 6. The warranties and representations set forth in this Section 6 shall be deemed remade as of Closing, and said warranties and representations as so remade, and the indemnity obligation set forth in herein shall survive Closing and constitute Surviving Obligations, provided that any claim by Purchaser based upon a misrepresentation or breach of any

warranty or representation or indemnity obligation under this Section 6 shall be deemed waived unless Purchaser has given Seller notice of such claim prior to the date which is twelve (12) months after the Closing Date.

As used in this Section 6, the terms "to Seller's knowledge," "actual knowledge" or "best of Sellers knowledge" (i) shall mean and apply to the actual knowledge of David Perisho (the asset manager), Tom Rogers and Howard Edelman and not to any other parties, (ii) shall mean the actual knowledge of such individuals, without any investigation or inquiry of any kind, and (iii) shall not mean such individuals are charged with knowledge of the acts, omissions and/or knowledge of Seller's agents or employees.

Notwithstanding anything contained in this Agreement to the contrary, Seller shall have no liability for breaches of any representations, warranties and certifications (the "Representations") which are made by Seller herein or in any of the documents or instruments required to be delivered by Seller hereunder if Purchaser, its officers, employees, shareholders, members, partners, or agents had actual knowledge of such breach by Seller at or prior to Closing and with such knowledge Purchaser elects to close in accordance with this Agreement, and in such case Purchaser shall not have the right to bring any lawsuit or other legal action against Seller, nor pursue any other remedies against Seller, as a result of the breach of such Representation caused thereby.

N. Purchase As-Is. EXCEPT FOR THE REPRESENTATIONS OF SELLER EXPRESSLY SET FORTH IN SECTION 6 OF THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, PURCHASER WARRANTS AND ACKNOWLEDGES TO AND AGREES WITH SELLER THAT PURCHASER IS PURCHASING THE PROPERTY IN ITS "AS-IS, WHERE IS" CONDITION "WITH ALL FAULTS" AS OF THE CLOSING DATE AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, AS TO ITS CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, OR ANY OTHER WARRANTY OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF SELLER. EXCEPT FOR THE REPRESENTATIONS OF SELLER EXPRESSLY SET FORTH IN SECTION 6 OF THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, STRUCTURAL INTEGRITY, SOIL AND GEOLOGY; (B) THE INCOME TO BE DERIVED FROM THE PROPERTY; (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES

FOR FUTURE DEVELOPMENT OF THE PROPERTY; (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY; (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (H) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY OR ANY OTHER ENVIRONMENTAL MATTER OR CONDITION OF THE PROPERTY; OR (I) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY. PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF SELLER CONTAINED IN SECTION 6 OF THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON EXCEPT FOR THE EXPRESS REPRESENTATIONS SET FORTH IN SECTION 6 OF THIS AGREEMENT AND IN THE CLOSING DOCUMENTS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT PURCHASER IS A SOPHISTICATED AND EXPERIENCED PURCHASER OF PROPERTIES SUCH AS THE PROPERTY AND HAS BEEN DULY REPRESENTED BY COUNSEL IN CONNECTION WITH THE NEGOTIATION OF THIS AGREEMENT. EXCEPT AS MAY OTHERWISE BE PROVIDED HEREIN, SELLER HAS MADE NO AGREEMENT TO ALTER, REPAIR OR IMPROVE ANY OF THE PROPERTY.

O. Purchaser's Representations, Warranties and Covenants. Purchaser hereby represents, warrants and covenants to Seller as follows:

1. Power. Purchaser has the legal power, right and authority to enter into this Agreement and the instruments referenced herein and to consummate the transactions contemplated hereby.

2. Requisite Action. All requisite action (corporate, trust, partnership or otherwise) has been taken by Purchaser in connection with entering into this Agreement and the instruments referenced herein and the

consummation of the transactions contemplated hereby. No consent of any partner, shareholder, member, creditor, investor, judicial or administrative body, authority or other party is required which has not been obtained to permit Purchaser to enter into this Agreement and consummate

the transaction contemplated hereby.

3. Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of Purchaser have the legal power, right and actual authority to bind Purchaser to the terms and conditions hereof and thereof.

4. Validity. This Agreement and all documents required hereby to be executed by Purchaser are and shall be valid, legally binding obligations of and enforceable against Purchaser in accordance with their terms.

5. Conflicts. Neither the execution and delivery of this Agreement and documents referenced herein, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor referenced herein conflict with or result in the material breach of any terms, conditions or provisions of or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, lease or other agreements or instruments to which Purchaser is a party.

6. Litigation. There is no action, suit or proceeding pending or threatened against Purchaser in any court or by or before any other governmental agency or instrumentality which would materially and adversely affect the ability of Purchaser to carry out the transactions contemplated by this Agreement.

7. Indemnity. Purchaser shall indemnify, defend and hold the Indemnified Parties harmless from and against any and all claims, actions, judgments, liabilities, liens, damages, penalties, fines, costs and reasonable attorneys' fees, foreseen or unforeseen, asserted against, imposed on or suffered or incurred by Seller directly or indirectly arising out of or in connection with any breach of the warranties, representations and covenants set forth in this Section 8 or the inaccuracy of any representation made by Purchaser in the ERISA certificate. The warranties, representations and indemnities set forth in this Section 8 shall be deemed remade as of Closing and shall survive Closing and constitute a Surviving Obligation, and said warranties and representations as so remade, and the indemnity obligation set forth in herein shall be deemed waived unless Seller has given Purchaser written notice of any such claim prior to the date which is twelve (12) months from the Closing Date.

P. Closing Costs. Seller shall pay the following expenses: (i) the costs to obtain a standard Texas owner's title policy; (ii) the costs to obtain the Existing Survey; (iii) one-half of all closing escrow fees, including "New York Style" closing fees

and fee for recording the Deed; (iv) all costs and expenses incurred in connection with the transfer of any transferable permits, warranties or licenses in connection with the ownership or operation of the Property; and (v) Seller's legal fees and expenses. Purchaser shall pay the following expenses: (a) the costs for any endorsements to the title policy, and deletion of the survey exception; (b) the costs to obtain the Updated Survey; (c) one-half of all closing escrow fees, including "New York Style" closing fees; (d) one-half of the fee for the recording of the Deed; (e) all costs and expenses associated with Purchaser's financing, if any; and (f) Purchaser's legal fees and expenses. The provisions of this Section 9 shall survive Closing or any termination of this Agreement and constitute a Surviving Obligation.

Q. Commissions. Seller shall be solely responsible for the payment of the commission to CB Commercial Real Estate Group, Inc. Seller and Purchaser each warrant and represent to the other that (other than CB Commercial Real Estate Group, Inc.) neither has had any dealings with any broker, agent, or finder relating to the sale of the Property or the transactions contemplated hereby, and each agrees to indemnify and hold the other and their respective advisors (including HCMC) harmless against any claim for brokerage commissions, compensation or fees by any broker, agent, or finder in connection the sale of the Property or the transactions contemplated hereby resulting from the acts of the indemnifying party. The provisions of this Section 10 shall survive Closing and constitute a Surviving Obligation.

R. New York Style Closing. It is contemplated that the transaction shall be closed by means of a so-called New York Style Closing, with the concurrent delivery of the documents of title, transfer of interest, delivery of the marked-up title commitment described in Section 4.3(d) and the payment of the Purchase Price. Seller and Purchaser shall each provide any undertaking to the Title Company reasonably necessary to accommodate the New York Style Closing.

S. Attorneys' Fees and Costs. In the event suit or action is instituted to interpret or enforce the terms of this Agreement, or in connection with any arbitration or mediation of any dispute, the prevailing party shall be entitled to recover from the other party such sum as the court, arbitrator or mediator

may adjudge reasonable as such party's costs and attorney's fees, including such costs and fees as are incurred in any trial, on any appeal, in any bankruptcy proceeding (including the adjudication of issues peculiar to bankruptcy law) and in any

petition for review. Each party shall also have the right to recover its reasonable costs and attorney's fees incurred in collecting any sum or debt owed to it by the other party, with or without litigation, if such sum or debt is not paid within fifteen (15) days following written demand therefor. The provisions of this Section 12 shall survive Closing and constitute Surviving Obligations.

T. Notice. All notices, demands, deliveries and communications (a "Notice") under this Agreement shall be delivered or sent by: (i) first class, registered or certified mail, postage prepaid, return receipt requested, (ii) nationally recognized overnight carrier, or (iii) facsimile with original Notice sent via overnight delivery addressed to the address of the party in question set forth in the first paragraph of this Agreement and copies to the parties designated below or to such other address as either party may designate by Notice pursuant to this Section 13. Notices shall be deemed given (x) three business days after being mailed as provided in clause (i) above, (y) one business day after delivery to the overnight carrier as provided in clause (ii) above, or (z) on the day of the transmission of the facsimile so long as it is received in its entirety by 5:00 pm (New York City, New York Time) on such day and the original of such Notice is received the next business day via overnight mail as provided in clause (iii) above.

Notices to Seller copy to:	Altheimer & Gray 10 South Wacker Drive - 4000 Chicago, Illinois 60606 Attn: Melvin K. Lippe Fax: (312) 715-4800
Notices to Purchaser copy to:	Mr. Roger Thomas Mack-Cali Realty Corp. 11 Commerce Drive Cranford, New Jersey 07016 Phone: (908) 272-8000 Fax: (908) 272-6755
and a copy to:	David J. Lowery Jones, Day, Reavis & Pogue Suite 2300 2001 Ross Avenue Dallas, Texas 75201-2958 Phone: (214) 220-3939 Fax: (214) 969-5100

U. Fire or Other Casualty; Condemnation.

1. If the Property or any part thereof is damaged by fire or other casualty prior to the Closing Date which would cost in excess of $500,000.00 to repair (as determined by an insurance adjuster selected by the insurance carriers), or which can be the basis for any tenant to terminate any Leases which, individually or in the aggregate, is for more than 20,000 square feet of net rentable area, Purchaser may terminate this Agreement by written notice to Seller given on or before the earlier of (i) twenty (20) days following receipt of notice from Seller of such casualty or (ii) the Closing Date. In the event of such termination, this Agreement shall be of no further force and effect and, except for the Surviving Obligations, neither party shall thereafter have any further obligation under this Agreement, and Seller shall direct the Title Company to promptly return all Earnest Money to Purchaser. If Purchaser does not have the right to or does not elect to terminate this Agreement, then the Closing shall take place as herein provided without abatement of the Purchase Price, and Seller shall assign and transfer to Purchaser on the Closing Date, without warranty or recourse, all of Seller's right, title and interest to the balance of insurance proceeds paid or payable to Seller on account of such fire or casualty remaining after reimbursement to Seller for the total amount of all costs and expenses incurred by Seller in connection therewith including but not limited to making emergency repairs, securing the Property and complying with applicable governmental requirements. Seller shall pay to Purchaser the amount of the deductible of any of Seller's applicable insurance policies.

2. If any material portion of the Property is taken in eminent domain proceedings prior to Closing, Purchaser may terminate this Agreement by notice to Seller given on or before the earlier of (i) twenty (20) days after such taking or (ii) the Closing Date, and, in the event of such termination, this Agreement shall be of no further force and effect and, except for the Surviving Obligations, neither party shall thereafter have any further obligation under this Agreement, and Seller shall direct the Title Company to promptly return all Earnest Money to Purchaser. If Purchaser does not so elect to terminate or if the taking is not material, then the Closing shall take place as herein provided without abatement of the Purchase Price, and Seller shall deliver or assign to Purchaser on the Closing Date, without warranty or recourse, all of Seller's right, title and interest in and to all condemnation awards paid or payable to Seller. As used in this Section 14.2, "material portion" means a part of the

Property which if taken in eminent domain proceedings

would have an adverse effect on Purchaser's use or occupancy of the Property.

V. Operations After Date of This Agreement. Seller covenants and agrees with Purchaser that:

(a) after the date hereof through the Closing, Seller will (except as specifically provided to the contrary herein):

(i) Refrain from transferring any of the Property or creating on the Property any easements, liens, mortgages, encumbrances, or other interests which will survive Closing or permitting any changes to the zoning classification of the Land;

(ii) Refrain from entering into or amending any contracts, or other agreements (excluding leases) regarding the Property (other than contracts in the ordinary and usual course of business and which are cancelable by the owner of the Property without penalty within thirty (30) days after giving notice thereof);

(iii) Continue to operate, maintain, and repair the Property in a manner consistent with Seller's current practices;

(iv) Fully comply with the terms of the Leases;

(v) Refrain from offering the Property for sale or marketing the same or negotiating with respect to or entering into any other agreement for the sale of the Property;

(vi) Cancel any Lease without Purchaser's prior written consent (which shall not be unreasonably withheld);

(vii) Refrain from applying tenant security deposits without Purchaser's approval (which shall not be unreasonably withheld);

(viii) Maintain existing insurance coverage relating to the Property; and

(ix) Deliver to Purchaser not less than five (5) days prior to the expiration of the Due Diligence Period copies of all leases entered into after the date hereof through the date which is five (5) days prior to the expiration of the Due Diligence Period and copies of all Proposals (as defined

in Section 15(b) below) with respect to which no lease has been executed and which has not expired or been withdrawn, except as provided otherwise in Section 15(b) below.

(b) after the date which is five (5) days prior to the expiration of the Due Diligence Period through the Closing, Seller will (except as specifically provided to the contrary herein) refrain from (i) amending any Leases of any portion of the Property, or (ii) executing any new leases without the prior written consent of Purchaser (which consent shall not be unreasonably withheld). As used herein, "Proposal" shall mean a description of the economic terms of any proposed lease or amendment along with any financial information on the tenant in Seller's possession. Purchaser shall be deemed to have approved: (x) all Proposals listed on Schedule 4 attached hereto; and (y) any Proposals delivered to Purchaser after the date hereof through the date which is five (5) days prior to the expiration of the Due Diligence Period. Seller shall have the right to execute lease documents evidencing a Proposal approved or deemed approved by Purchaser.

W. Assignment. Purchaser shall not assign this Agreement without Seller's prior written consent which consent may be withheld for any reason or no reason; provided, however, Purchaser may assign this Agreement to an affiliate of Mack-Cali Realty Acquisition Corp., without the consent of Seller so long as such Assignee complies with the requirements of the last sentence of this Section 16. Subject to the previous sentence, this Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective successors and assigns. Seller's consent to any such assignment shall be conditioned upon Seller's receipt of the following not less than five (5) business days prior to the Closing Date: (i) a duly executed express assumption of all of the duties and obligations of Purchaser by the proposed assignee in a form acceptable to Seller, and (ii) an ERISA certificate, in the form attached hereto as Exhibit B and the content of which is satisfactory to Seller.

X. Remedies.

(a) IN THE EVENT THAT SELLER SHALL FAIL TO CONSUMMATE THIS AGREEMENT AND SUCH FAILURE IS NOT A RESULT OF PURCHASER'S DEFAULT OR A TERMINATION OF THIS AGREEMENT BY PURCHASER OR SELLER PURSUANT TO A RIGHT TO DO SO UNDER THE PROVISIONS HEREOF, PURCHASER, SHALL ONLY BE ENTITLED TO SEEK AT ITS ELECTION,

EITHER: (i) THE REMEDY OF SPECIFIC PERFORMANCE, OR (ii) DAMAGES IN AN AMOUNT NOT TO EXCEED $1,000,000.00 IN THE AGGREGATE FOR ALL

RECOURSE OF PURCHASER UNDER THE PURCHASE DOCUMENTS (AS DEFINED IN SECTION 19 HEREOF) EXCEPT ARISING OUT OF SELLER'S OBLIGATIONS FOR REPRORATIONS AND UNDER SECTION 15. IN NO EVENT SHALL SELLER BE LIABLE TO PURCHASER FOR ANY PUNITIVE, SPECULATIVE OR CONSEQUENTIAL DAMAGES; PROVIDED, HOWEVER, IN THE CASE WHERE SUCH FAILURE IS BASED UPON AN ACT WHICH IS NOT WITHIN SELLER'S CONTROL, PURCHASER, AS ITS SOLE AND EXCLUSIVE REMEDY, MAY TERMINATE THIS AGREEMENT AND RECEIVE A REFUND OF THE EARNEST MONEY LESS SELLER RETENTION. IN NO EVENT SHALL PURCHASER BE ENTITLED TO RECORD A LIS PENDENS OR NOTICE OF PENDENCY OF ACTION AGAINST THE PROPERTY FOR ANY REASON WHATSOEVER EXCEPT IF PURCHASER ELECTS THE REMEDY OF SPECIFIC PERFORMANCE.

(b) IN THE EVENT THAT PURCHASER SHOULD FAIL TO CONSUMMATE THIS AGREEMENT FOR ANY REASON, EXCEPT SELLER'S DEFAULT OR THE TERMINATION OF THIS AGREEMENT BY PURCHASER PURSUANT TO A RIGHT TO DO SO UNDER THE TERMS AND PROVISIONS HEREOF, THEN SELLER, AS ITS SOLE AND EXCLUSIVE REMEDY MAY TERMINATE THIS AGREEMENT BY NOTIFYING PURCHASER THEREOF AND RECEIVE OR RETAIN THE EARNEST MONEY AS LIQUIDATED DAMAGES, PROVIDED THAT THIS PROVISION SHALL NOT LIMIT SELLER'S RIGHTS TO RECEIVE REIMBURSEMENT FOR ATTORNEYS' FEES AND TO PURSUE AND RECOVER ON A CLAIM WITH RESPECT TO ANY SURVIVING OBLIGATIONS. THE PARTIES AGREE THAT SELLER WILL SUFFER DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT ON ITS OBLIGATIONS. ALTHOUGH THE AMOUNT OF SUCH DAMAGES IS DIFFICULT OR IMPOSSIBLE TO DETERMINE, THE PARTIES AGREE THAT THE AMOUNT OF THE EARNEST MONEY IS A REASONABLE ESTIMATE OF SELLER'S LOSS IN THE EVENT OF PURCHASER'S DEFAULT. THUS, SELLER SHALL ACCEPT AND RETAIN THE EARNEST MONEY AS LIQUIDATED DAMAGES BUT NOT AS A PENALTY. EXCEPT AS OTHERWISE SET FORTH IN THIS SECTION 17(b), SUCH LIQUIDATED DAMAGES SHALL CONSTITUTE SELLER'S SOLE AND EXCLUSIVE REMEDY. IN THE EVENT SELLER IS ENTITLED TO THE EARNEST MONEY AS LIQUIDATED DAMAGES AND TO THE EXTENT SELLER HAS NOT ALREADY RECEIVED THE EARNEST MONEY, THE EARNEST MONEY SHALL BE IMMEDIATELY PAID TO SELLER BY THE TITLE COMPANY UPON RECEIPT OF WRITTEN NOTICE FROM SELLER THAT PURCHASER HAS DEFAULTED UNDER THIS AGREEMENT, AND PURCHASER AGREES TO TAKE ALL SUCH ACTIONS AND EXECUTE AND DELIVER ALL SUCH DOCUMENTS NECESSARY OR APPROPRIATE TO EFFECT SUCH PAYMENT.

SELLER AND PURCHASER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THE FOREGOING LIQUIDATED DAMAGES PROVISION AND BY THEIR SIGNATURES IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

SELLER:	PURCHASER:
JMB Group Trust III	
By: Heitman Capital Management Corporation, its attorney in fact	Mack-Cali Realty Acquisition Corp., a Delaware corporation
By:	By:
Name: Howard J. Edelman	Name:
Its: Executive Vice President	Its:

Y. Miscellaneous.

1. Entire Agreement. This Agreement, together with the exhibits attached hereto, constitute the entire agreement of the parties hereto regarding the purchase and sale of the Property, and all prior agreements, understandings, representations and statements, oral or written, are hereby merged herein. In the event of a conflict between the terms of this Agreement and any prior written agreements, the terms of this Agreement shall prevail. This Agreement may only be amended or modified by an instrument in writing, signed by the party intended to be bound thereby.

2. Time. All parties hereto agree that time is of the essence in this transaction. If the time for performance of any obligation hereunder shall fall on a Saturday, Sunday or holiday (national, in the State of Illinois or in the State of Texas) such that the transaction contemplated hereby can not be performed, the time for performance shall be extended to the next such succeeding day where performance is possible.

3. Counterpart Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

4. Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF TEXAS AND FOR ALL PURPOSES SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

5. Publicity. Seller and Purchaser hereby covenant and agree that, at all times after the date of execution hereof and continuing after the Closing, unless consented to in writing by the other party or unless required to be made by law or rule of

any stock exchange, no press release or other public disclosure concerning this transaction shall be made, and each party agrees to use best efforts to prevent disclosure of this transaction. The provisions of this Section 18.5 shall constitute Surviving Obligations.

6. Recordation. Purchaser shall not record this Agreement or a memorandum or other notice thereof in any public office without the express written consent of Seller. A breach by Purchaser of this covenant shall constitute a material default by Purchaser under this Agreement.

7. Benefit. This Agreement is for the benefit of Purchaser and Seller, and except as provided in the indemnity granted by Purchaser under Paragraphs 3.2 and 8.7 with respect to the Indemnified Parties listed therein, no other person or entity will be entitled to rely on this Agreement, receive any benefit from it or enforce any provisions of it against Purchaser or Seller.

8. Section Headings. The Section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several Sections hereof.

9. Further Assurances. Purchaser and Seller agree to execute all documents and instruments reasonably required in order to consummate the purchase and sale herein contemplated.

10. Severability. If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

11. Waiver of Trial by Jury. Seller and Purchaser, to the extent they may legally do so, hereby expressly waive any right to trial by jury of any claim, demand, action, cause of action, or proceeding arising under or with respect to this Agreement, or in any way connected with, or related to, or incidental to, the dealings of the parties hereto with respect to this Agreement or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and irrespective of whether sounding in contract, tort, or otherwise. To the extent they may legally do so, Seller and Purchaser hereby agree that any such claim, demand, action, cause of action, or proceeding shall be decided by a court trial without a jury and that any party hereto may file an original counterpart or a copy of this Section with any court as written evidence of the consent of the other party

or parties hereto to waiver of its or their right to trial by jury.

12. Independent Counsel. Purchaser and Seller each acknowledge that: (a) they have been represented by independent counsel in connection with this Agreement; (b) they have executed this Agreement with the advice of such counsel; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel. The fact that this Agreement was prepared by Seller's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against Seller because Seller's counsel prepared this Agreement in its final form.

13. Governmental Approvals. Nothing contained in this Agreement shall be construed as authorizing Purchaser to apply for a zoning change, variance, subdivision maps, lot line adjustment, or other discretionary governmental act, approval or permit with respect to the Property prior to the Closing, and Purchaser agrees not to do so. Purchaser agrees not to submit any reports, studies or other documents, including, without limitation, plans and specifications, impact statements for water, sewage, drainage or traffic, environmental review forms, or energy conservation checklists to any governmental agency, or any amendment or modification to any such instruments or documents prior to the Closing. Purchaser's obligation to purchase the Property shall not be subject to or conditioned upon Purchaser's obtaining any variances, zoning amendments, subdivision maps, lot line adjustment or other discretionary governmental act, approval or permit.

14. No Waiver. No covenant, term or condition of this Agreement other than as expressly set forth herein shall be deemed to have been waived by Seller or Purchaser unless such waiver is in writing and executed by Seller or Purchaser, as the case may be.

15. Discharge and Survival. The delivery of the Deed by Seller, and the acceptance thereof by Purchaser shall be deemed to be the full performance and discharge of every covenant and obligation on the part of Seller to be performed hereunder except the Surviving Obligations. No action shall be commenced after the Closing on any covenant or obligation except the Surviving Obligations. Anything in this Section 18.15 to the contrary notwithstanding, if Seller breached the obligations of Seller under Section 15, the action against Seller for such breach shall survive Closing and be a Surviving Obligation.

Z. Exculpation of Seller and Related Parties. Notwithstanding anything to the contrary contained in this Agreement or in any exhibits attached hereto or in

any documents executed in connection herewith (collectively, including this Agreement, said exhibits and any such document, the "Purchase Documents"), it is expressly understood and agreed by and between the parties hereto that: (i) the recourse of Purchaser or its successors or assigns against Seller with respect to the alleged breach by or on the part of Seller of any representation, warranty, covenant, undertaking, indemnity or agreement contained in any of the Purchase Documents other than Seller's obligations hereunder for reprorations and under Section 15 (collectively, "Seller's Undertakings") shall be limited to an amount not to exceed $1,000,000.00 in the aggregate; and (ii) except as provided in (i) above with respect to Seller, no personal liability or personal responsibility of any sort with respect to any of Seller's Undertakings or any alleged breach thereof is assumed by, or shall at any time be asserted or enforceable against, Seller or HCMC, or against any of their respective shareholders, directors, officers, employees, agents, constituent partners, members, beneficiaries, trustees or representatives.

AA. Information and Audit Cooperation. At Purchaser's request, at any time before Closing, and within one (1) year after Closing, Seller will provide to Purchaser's designated independent auditor access to those books and records of the Property which are in Seller's possession and not provided to Buyer at Closing, and Seller shall provide to such auditor a representation letter regarding the books and records of the Property, in substantially the form of Exhibit "N", attached hereto and incorporated herein by reference, in connection with the normal course of auditing the Property in accordance with generally accepted auditing standards; provided, however, that Purchaser shall indemnify and hold Seller harmless from any liability, damages, costs, expenses (including reasonable attorneys' fees and expenses) incurred by Seller as a result of the execution and delivery of any letter to Purchaser's auditor.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be made as of the day and year first above stated.

SELLER:

JMB GROUP TRUST III
an Illinois common law group trust
By: Heitman Capital Management Corporation,
its attorney in fact

By:
Name: Howard J. Edelman
Its: Executive Vice-President

PURCHASER:

MACK-CALI REALTY
ACQUISITION CORP.,
a Delaware Corporation

By:
Name:
Its:

Exhibit A	-	Legal Description
Exhibit B	-	Form of Earnest Money Escrow Agreement
Exhibit C	-	Survey Specifications
Exhibit D	-	Survey Certification
Exhibit E	-	Form of Tenant Estoppel Certificate
Exhibit F	-	Form of ERISA Certificate
Exhibit G	-	Form of Special Warranty Deed
Exhibit H	-	Form of Bill of Sale
Exhibit I	-	Form of Assignment and Assumption of Leases
Exhibit J	-	Form of Assignment and Assumption of Contracts, Licenses and Permits
Exhibit K	-	Form of Non-Foreign Affidavit
Exhibit L	-	Form of Tenant Notification Letter
Exhibit M	-	Form of Vendor Notification Letter
Exhibit N	-	Form of Auditor Letter
Schedule 1	-	List of Leases
Schedule 2	-	List of Service Contracts
Schedule 3	-	List of Litigation
Schedule 4	-	List of Proposals
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CALI REALTY CORPORATION

UNDERWRITING AGREEMENT

October 9, 1997

To the Representatives named in Schedule 1 hereto of the
several Underwriters named in Schedule 2 hereto

Ladies and Gentlemen:

Cali Realty Corporation, a Maryland corporation qualified as a real estate investment trust (the "Company"), hereby confirms its agreement with the several underwriters named in Schedule 2 hereto (the "Underwriters"), for whom you have been duly authorized to act as representatives (in such capacities, the "Representatives"), as set forth below. If you are the only Underwriters, all references herein to the Representatives shall be deemed to be to the Underwriters.

1. Securities. Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the several Underwriters certain securities of the Company identified in Schedule 1 hereto (the "Firm Securities"). The Company also proposes to issue and sell to the several Underwriters the additional securities identified in Schedule 1 if requested by the Representatives as provided in Section 3 of this Agreement. Any and all shares of such additional securities to be purchased by the several Underwriters pursuant to such option are referred to herein as the "Option Securities," and the Firm Securities and any Option Securities are collectively referred to herein as the "Securities."

2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, each of the several Underwriters that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933, as amended (the "Act"). A registration statement (the file number of which is set forth in Schedule 1 hereto) on such Form with respect to the Securities, including a basic prospectus, has been filed by the Company with the Securities and Exchange Commission

(the "Commission") under the Act, and one or more amendments to such registration statement may also have been so filed. Such registration statement, as so amended, has been declared by the Commission to be effective under the Act. Such registration statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, meets the requirements set forth in Rule 415(a)(1)(x) under the Act and complies in all other material respects with said Rule. The Company will next file with the Commission either (A) if the Company relies on Rule 434 under the Act, a Term Sheet (as hereinafter defined) relating to the Securities, that shall identify the Preliminary Prospectus (as hereinafter defined) that it supplements and, if required to be filed pursuant to Rules 434(c)(2) and 424(b), an Integrated Prospectus (as hereinafter defined), in either case, containing such information as is required or permitted by Rules 434, 430A, and 424(b) under the Act or (B) if the Company does not rely on Rule 434 under the Act, pursuant to Rule 424(b) under the Act a final prospectus supplement to the basic prospectus included in such registration statement, as so amended, describing the Securities and the offering thereof, in such form as has been provided to, or discussed with, and approved by the Representatives as provided in section 4(a) of this Agreement. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was declared effective, including (i) all financial schedules and exhibits thereto, (ii) all documents incorporated by reference or deemed to be incorporated by reference therein and (iii) any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined) or, if required to be filed pursuant to Rules 434(c)(2) and 424(b), in the Integrated Prospectus; the term "Basic Prospectus" means the prospectus included in the Registration Statement; the term "Preliminary Prospectus" means any preliminary form of the Prospectus (as defined herein) specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 of the Rules and Regulations; the term "Prospectus Supplement" means any prospectus supplement specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Securities Act; the term "Prospectus" means: (A) if the Company relies on Rule 434 under the Act, the Term Sheet relating to the Securities that is first filed pursuant to Rule 424(b)(7) under the Act, together with the Preliminary Prospectus identified therein that such Term Sheet supplements; (B) if the Company does not rely on Rule 434 under the Act, the Preliminary Prospectus; or (C) if the Company does not rely on Rule 434 under the Act and if no prospectus is required to be filed pursuant to Rule 424 under the Act, the Basic Prospectus, including, in each case, the Prospectus Supplement; "Basic

Prospectus," "Prospectus," "Preliminary Prospectus" and "Prospectus Supplement" shall include in each case the documents, if any, filed by the Company with the Commission pursuant to the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference therein; the term "Integrated Prospectus" means a prospectus first filed with the Commission pursuant to Rules 434(c)(2) and 424(b) under the Act; and the term "Term Sheet" means any abbreviated term sheet that satisfies the requirements of Rule 434 under the Act. Any reference in this Agreement

to an "amendment" or "supplement" to any Preliminary Prospectus, the Prospectus, or any Integrated Prospectus or an "amendment" to any registration statement (including the Registration Statement) shall be deemed to include any document incorporated by reference therein that is filed with the Commission under the Exchange Act after the date of such Preliminary Prospectus, Prospectus, Integrated Prospectus or registration statement, as the case may be. For purposes of the preceding sentence, any reference to the "effective date" of an amendment to a registration statement shall, if such amendment is effected by means of the filing with the Commission under the Exchange Act of a document incorporated by reference in such registration statement, be deemed to refer to the date on which such document was so filed with the Commission; any reference herein to the "date" of a Prospectus that includes a Term Sheet shall mean the date of such Term Sheet.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus. When any Preliminary Prospectus was filed with the Commission it (i) contained all statements required to be stated therein in accordance with, and complied in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. When the Registration Statement or any amendment thereto was or is declared effective, it (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading. When the Prospectus or any Term Sheet that is a part thereof or any Integrated Prospectus or any amendment or supplement to the Prospectus is filed with the Commission pursuant to Rule 424(b), on the date when the Prospectus is otherwise amended or supplemented and on the Firm Closing Date and any Option Closing Date (both as hereinafter defined), each of the Prospectus and, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus, as amended or supplemented at any such time, (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing provisions of this paragraph (b) do not apply to statements or omissions made in any Preliminary Prospectus or any amendment or supplement thereto, the Registration Statement or any amendment thereto, the Prospectus or, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus or any

amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein.

(c) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole.

(d) Each of the subsidiaries of the Company (the "Subsidiaries") has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole. The issued shares of capital stock of each of the Subsidiaries that

is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), all of such shares and interests in the Subsidiaries owned by the Company are owned beneficially by the Company or another Subsidiary free and clear of any security interests, mortgages, pledges, grants, liens, encumbrances, equities or claims.

(e) There are no outstanding (A) securities or obligations of the Company or any of the Subsidiaries convertible into or exchangeable for any capital stock of the Company or any Subsidiary, (B) warrants, rights or options to subscribe for or purchase from the Company or any Subsidiary any such capital stock or any such convertible or exchangeable securities or obligations, or (C) obligations of the Company or any such Subsidiary to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(f) The Company and each of the Subsidiaries has full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the

Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus); and the Company has full power, corporate or other, to enter into this Agreement and any other agreement pursuant to which the Securities are issued as specified in Schedule 1 to this Agreement (the "Securities Documents") and to carry out all the terms and provisions hereof and thereof to be carried out by it.

(g) The Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus). All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable.

(h) The Securities have been duly authorized, and, when such securities are issued and delivered as contemplated by the terms of this Agreement and the applicable Securities Document such securities will be validly issued, fully paid and non-assessable.

(i) The execution and delivery of the Securities have been duly authorized by all necessary corporate action, and, at the Firm Closing Date or the related Option Closing Date (as the case may be), the Securities will have been duly executed and delivered by the Company, and if applicable, assuming due authorization, execution and delivery of the Securities by parties other than the Company, will be the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(j) The securities of the Company issuable in exchange for or upon conversion of the Securities as specified in Schedule 1 to this Agreement (the "Underlying Securities") have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document, such securities will be validly issued, fully paid and non-assessable.

(g) The execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and, at the Firm Closing Date or the related Option Closing Date (as the case may be), such agreements will have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, and, if required, such Securities Documents have been filed with the Secretary of State of the State of Maryland or any other applicable jurisdiction, and such agreements will constitute valid and binding instruments of the Company enforceable against the

Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(k) No holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement.

(l) The Securities and Underlying Securities conform to their description contained in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(m) The combined financial statements and schedules of the Company and the Cali Group (as defined in the Registration Statement) and the consolidated financial statements and schedules of the Company and its consolidated subsidiaries included in or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) fairly present the combined financial position of the Company and the Cali Group and fairly present the consolidated financial position of the Company and its consolidated subsidiaries, as the case may be, and the results of operations and changes in financial condition as of the dates and periods therein specified. Such combined and consolidated financial statements and schedules have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise noted therein).

(n) The selected financial data set forth under the caption "Selected Financial Data" in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) fairly present, on the basis stated in the Prospectus and any Integrated Prospectus (or such Preliminary Prospectus) and such Annual Report, the information included therein. The pro forma financial statements and other pro forma financial information included in or incorporated therein in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) comply in all material respects with the applicable requirements of Rule 11-02 of Regulation S-X of the Commission and the pro forma adjustments have been properly applied to the historical amounts in the compilation

of such statements and the assumptions used in the preparation thereof are, in the opinion of the Company, reasonable.

(o) Price Waterhouse LLP, which has certified certain financial statements of the Company and its consolidated subsidiaries and of the Cali Group and delivered its reports with respect to the audited consolidated financial statements and schedules, and any other accounting firm that has certified financial statements and delivered its reports with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), are independent public accountants as required by the Act, the Exchange Act and the respective rules and regulations thereunder.

(p) The execution and delivery of this Agreement has been duly authorized by the Company and this Agreement has been duly executed and delivered by the Company, and is the valid and binding agreement of the Company enforceable against the Company in accordance with the terms hereof, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy.

(q) No legal or governmental proceedings are pending to which the Company or any of the Subsidiaries or to which the property of the Company or any of the Subsidiaries is subject, that are required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) and are not described therein, and no such proceedings have been threatened against the Company or any of the Subsidiaries; and no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or to be filed as an exhibit to the Registration Statement that is not described therein or filed as required.

(r) The issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement and the Securities Documents, the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of

the other transactions herein and therein contemplated do not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained, such as may be required under state securities or blue sky laws and, if the registration statement filed with respect to the Securities (as amended)

is not effective under the Act as of the time of execution hereof, such as may be required (and shall be obtained as provided in this Agreement) under the Act, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or any other of their respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to the Company or any of the Subsidiaries or any of their properties.

(s) The Company has not, directly or indirectly, (i) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Securities or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(t) Subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), (1) neither the Company nor any of the Subsidiaries has incurred any material liability or obligation, direct or contingent, or entered into any material transaction, which is not in the ordinary course of business; (2) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; and (3) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company or the Subsidiaries, except in each case as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(u) The Company or the Subsidiaries have good and indefeasible title in fee simple to all of the Properties (as defined in the Prospectus) and marketable title to all other property owned by each of them, in each case free and clear of any security interest, lien, mortgage, pledge, encumbrance, equity, claim and other defect, except liens which do not materially and adversely affect the value of such property and will not interfere with the use made or proposed to be made of such property by the Company or such Subsidiary, and any and all real property and buildings held under lease by the Company or any such Subsidiary are held under

valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company or such Subsidiary, in each case except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(v) No labor dispute with the employees of the Company or any of the Subsidiaries exists or is threatened or imminent that could result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(w) The Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all material patents, trademarks, service marks, trade names, licenses, copyrights and proprietary and other confidential information currently employed by them in connection with their respective businesses, and neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of any third party with respect to the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects,

net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(x) The Company and each of the Subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they will be engaged; neither the Company nor any of the Subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of the Subsidiaries has any reason to believe that any of them will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(y) None of the Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interest, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(z) The Company and each of the Subsidiaries has complied with all laws, regulations and orders applicable to it or its respective business and properties except where the failure to so comply would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; the Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except where the failure to possess the same would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(aa) The Company will conduct its operations in a manner that will not subject it to registration as an investment company under the Investment Company Act of 1940, as amended, and the transactions contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act.

(bb) The Company and each of the Subsidiaries has filed all foreign, federal, state and local tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not have a material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as described in the Prospectus and any Integrated Prospectus (or,

if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(cc) The Company is organized in conformity with the requirements for qualification as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and the present and contemplated method of operation of the Company and the Subsidiaries does and will enable the Company to meet the requirements for taxation as a REIT under the Code.

(dd) Neither the Company nor any of the Subsidiaries is in

violation of any federal or state law or regulation relating to occupational safety and health and the Company and the Subsidiaries have received all permits, licenses or other approvals required of them under applicable federal and state occupational safety and health and environmental laws and regulations to conduct their respective businesses, and the Company and each of the Subsidiaries is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ee) Except for the shares of capital stock of each of the Subsidiaries owned by the Company or another Subsidiary, neither the Company nor any of the Subsidiaries owns any shares of stock or any other equity securities of any corporation or has any equity interest in any firm, partnership, association or other entity, except as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ff) The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management's general or specific authorizations; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(gg) Neither the Company nor any of the Subsidiaries is in violation of any term or provision of its Articles of Incorporation, By-laws, partnership agreements or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the consummation of the transactions by this Agreement and under the Securities Documents will not result in any default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company, the Subsidiaries or the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole.

(hh) If required as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

(ii) (A) Neither the Company nor any Subsidiary knows of any violation of any municipal, state or federal law, rule or regulation (including those pertaining to environmental matters) concerning the Properties or any part thereof which would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (B) each of the Properties complies with all applicable zoning laws, ordinances, regulations and deed restrictions or other covenants in all material respects and, if and to the extent there is a failure to comply, such failure does not materially impair the value of any of the Properties and will not result in a forfeiture or reversion of title; (C) neither the Company nor any Subsidiary has received from any governmental authority any written notice of any condemnation of or zoning change affecting the Properties or any part thereof, and neither the Company nor any Subsidiary knows of any such condemnation or zoning change which is threatened and which if consummated would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (D) all liens, charges, encumbrances, claims, or restrictions on or affecting the properties and assets (including the Properties) of the Company or any of the Subsidiaries that are required to be described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) are disclosed therein; (E) no lessee of any portion of any of the Properties is in default under any of the leases governing such properties and there is no event which, but for the passage of time or the giving of notice or both would constitute a default under any of such leases, except such defaults that would not have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole;

and (F) except as

provided by law no tenant under any lease pursuant to which the Company or any of the Subsidiaries leases the Properties will have an option or right of first refusal to purchase the premises leased thereunder or the building of which such premises are a part.

(jj) Except as otherwise disclosed in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or in the Phase I Environmental Audits prepared by Environmental Waste Management Associates, Inc. previously delivered to the Representatives (the "Audits"), (i) neither the Company, any of the Subsidiaries nor, to the best knowledge of the Company, any other owners of the property at any time or any other party has at any time, handled, stored, treated, transported, manufactured, spilled, leaked, or discharged, dumped, transferred or otherwise disposed of or dealt with, Hazardous Materials (as hereinafter defined) on, to or from the Properties, other than by any such action taken in compliance with all applicable Environmental Statutes or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (ii) the Company does not intend to use the Properties or any subsequently acquired properties for the purpose of handling, storing, treating, transporting, manufacturing, spilling, leaking, discharging, dumping, transferring or otherwise disposing of or dealing with Hazardous Materials other than by any such action taken in compliance with all applicable Environmental Statues or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (iii) neither the Company nor any of the Subsidiaries knows of any seepage, leak, discharge, release, emission, spill, or dumping of Hazardous Materials into waters on or adjacent to the Properties or any other real property owned or occupied by any such party, or onto lands from which Hazardous Materials might seep, flow or drain into such waters; (iv) neither the Company nor any of the Subsidiaries has received any notice of, or has any knowledge of any occurrence or circumstance which, with notice or passage of time or both, would give rise to a claim under or pursuant to any federal, state or local environmental statute or regulation or under common law, pertaining to Hazardous Materials on or originating from any of the Properties or any assets described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or any other real property owned or occupied by any such party or arising out of the conduct of any such party, including without limitation a claim under or pursuant to any Environmental Statute (hereinafter defined); (v) neither the Properties nor any other land owned by the Company or any of the Subsidiaries is included or, to the best of the Company's knowledge, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as hereinafter defined) by the United States Environmental Protection Agency (the "EPA") or, to the best of the Company's knowledge, proposed for inclusion on any similar list or inventory issued pursuant to any other Environmental Statute or issued by any other Governmental Authority (as hereinafter defined).

As used herein, "Hazardous Material" shall include, without limitation any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, toxic substances, or related materials, asbestos or any hazardous material as defined by any federal, state or local environmental law, ordinance, rule or regulation including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. ss.ss. 9601-9675 ("CERCLA"), the Hazardous Materials Transportation Act, as amended, 49 U.S.C. ss.ss. 1801-1819, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.ss. 6901-6992K, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. ss.ss. 11001-11050, the Toxic Substances Control Act, 15 U.S.C. ss.ss. 2601-2671, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. ss.ss. 136-136y, the Clean Air Act, 42 U.S.C. ss.ss. 7401-7642, the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. ss.ss. 1251- 1387, the Safe Drinking Water Act, 42 U.S.C. ss.ss. 300f-300j-26, and the Occupational Safety and Health Act, 29 U.S.C. ss.ss. 651-678, as any of the above statutes may be amended from time to time, and in the regulations promulgated pursuant to each of the foregoing (individually, an "Environmental Statute") or by any federal, state or local governmental authority having or claiming jurisdiction over the properties and assets described in the Prospectus (a "Governmental Authority").

(kk) Each certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(ll) The Company has not distributed and, prior to the later of (i) the Closing Date and (ii) the completion of the distribution of the

Securities, will not distribute any material in connection with the offering and sale of the Securities other than the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or other materials, if any, permitted by the Act.

3. Purchase, Sale and Delivery of the Securities.

(a) On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company, at the purchase price specified in Schedule 1 hereto, the number of Firm Securities set forth opposite the name of such Underwriter in Schedule 2 hereto. One or more certificates in definitive form for the Firm Securities that the several Underwriters have agreed to purchase hereunder, and in such denomination or denominations and registered in such name or names as the Representatives request upon notice to the Company at

least 48 hours prior to the Firm Closing Date, shall be delivered by or on behalf of the Company to the Representatives for the respective accounts of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor to the Company in such funds as are specified in Schedule 1 hereto. Such delivery of and payment for the Firm Securities shall be made at the date, time and place identified in Schedule 1 hereto, or at such other date, time or place as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 8 hereof, such date and time of delivery against payment being herein referred to as the "Firm Closing Date". The Company will make such certificate or certificates for the Firm Securities available for checking and packaging by the Representatives at the offices in New York, New York of the Company's transfer agent or registrar or warrant agent or of Prudential Securities Incorporated at least 24 hours prior to the Firm Closing Date.

(b) For the purpose of covering any over-allotments in connection with the distribution and sale of the Firm Securities as contemplated by the Prospectus and any Integrated Prospectus, the Company hereby grants to the several Underwriters an option to purchase, severally and not jointly, the Option Securities. The purchase price to be paid for any Option Securities shall be the same price per share as the price per share for the Firm Securities set forth in Schedule 1 to this Agreement, plus, if the purchase and sale of any Option Securities takes place after the Firm Closing Date and after the Firm Securities are trading "ex-dividend", an amount equal to the dividends payable on such Option Securities. The option granted hereby may be exercised as to all or any part of the Option Securities from time to time within thirty days after the date of the Prospectus or any Integrated Prospectus (or, if such 30th day shall be a Saturday or Sunday or a holiday, on the next business day thereafter when the New York Stock Exchange is open for trading). The Underwriters shall not be under any obligation to purchase any of the Option Securities prior to the exercise of such option. The Representatives may from time to time exercise the option granted hereby by giving notice in writing or by telephone (confirmed in writing) to the Company setting forth the aggregate number of Option Securities as to which the several Underwriters are then exercising the option and the date and time for delivery of and payment for such Option Securities. Any such date of delivery shall be determined by the Representatives but shall not be earlier than two business days or later than five business days after such exercise of the option and, in any event, shall not be earlier than the Firm Closing Date. The time and date set forth in such notice, or such other time on such other date as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 9 hereof, is herein called the "Option Closing Date" with respect to such Option Securities. Upon exercise of the option as provided herein, the Company shall become obligated to sell to each of the several Underwriters, and, subject to the terms and conditions herein set forth, each of the Underwriters (severally and not jointly) shall become obligated to purchase from the Company the same percentage of the total number of the Option Securities as

to which the several Underwriters are then exercising the option as such Underwriter is obligated to purchase of the aggregate number of Firm Securities, as adjusted by the Representatives in such manner as they deem advisable to avoid fractional shares. If the option is exercised as to all or any portion of the Option Securities, one or more certificates in definitive form for such Option Securities, and payment therefor, shall be delivered on the related Option Closing Date in the manner, and upon the terms and conditions, set forth in paragraph (a) of this Section 3 and Schedule 1 to this Agreement, except that reference therein to the Firm Securities and the Firm Closing Date shall be deemed, for purposes of this paragraph (b), to refer to such Option Securities and Option Closing Date, respectively.

(c) It is understood that any of you, individually and not as one of the Representatives, may (but shall not be obligated to) make payment on behalf of any Underwriter or Underwriters for any of the Securities to be purchased by such Underwriter or Underwriters. No such payment shall relieve such Underwriter or Underwriters from any of its or their obligations hereunder.

4. Covenants of the Company. The Company covenants and agrees with each of the Underwriters that:

(a) The Company will file the Prospectus or any Term Sheet that constitutes a part thereof, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act. During any time when a prospectus relating to the Securities is required to be delivered under the Act, the Company (i) will comply with all requirements imposed upon it by the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder to the extent necessary to permit the continuance of sales of or dealings in the Securities in accordance with the provisions hereof and of the Prospectus and any Integrated Prospectus, as then amended or supplemented, and (ii) will not file with the Commission the Prospectus, Term Sheet, any Integrated Prospectus or any amendment or supplement thereto or any amendment to the Registration Statement of which the Representatives shall not previously have been advised and furnished with a copy for a reasonable period of time prior to the proposed filing and as to which filing the Representatives shall not have given their consent. The Company will prepare and file with the Commission, in accordance with the rules and regulations of the Commission, promptly upon request by the Representatives or counsel for the Underwriters, any amendment to the Registration Statement or amendment or supplement to the Prospectus and any Integrated Prospectus that may be necessary or advisable in connection with the distribution of the Securities by the several Underwriters, and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective by the Commission as promptly as possible. The Company will advise the Representatives,

promptly after receiving notice thereof, of the time when any amendment to the Registration Statement has been filed or declared effective or the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been filed and will provide evidence satisfactory to the Representatives of each such filing or effectiveness.

(b) The Company will advise the Representatives, promptly after receiving notice or obtaining knowledge thereof, of (i) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto or any order preventing or suspending the use of any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, (ii) the suspension of the qualification of the Securities for offering or sale in any jurisdiction, (iii) the institution, threatening or contemplation of any proceeding for any such purpose or (iv) any request made by the Commission for amending the Registration Statement, for amending or supplementing any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or for additional information. The Company will use its best efforts to prevent the issuance of any such stop order and, if any such stop order is issued, to obtain the withdrawal thereof as promptly as possible.

(c) If required by applicable law, the Company will arrange for the qualification of the Securities and any Underlying Securities for offering and sale under the securities or blue sky laws of such jurisdictions as the Representatives may designate and will continue such qualifications in effect for as long as may be necessary to complete the distribution of the Securities and any Underlying Securities; provided, however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

(d) If at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which the Prospectus or any Integrated Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it is necessary at any time to amend or supplement the Prospectus or any Integrated Prospectus to comply with the Act or Exchange Act or the respective rules or regulations of the Commission thereunder, the Company will promptly notify the Representatives thereof and, subject to Section 4(a) of this Agreement, will prepare and file with the Commission, at the Company's expense, an amendment to the Registration Statement or an amendment or supplement to the Prospectus and any Integrated Prospectus that corrects such statement or omission or effects such compliance.

(e) The Company will, without charge, provide (i) to the Representatives and to counsel for the Underwriters, a conformed copy of the registration statement originally filed with respect to the Securities and any amendment thereto (in each case including exhibits thereto), (ii) to each other Underwriter, a conformed copy of such registration statement and any amendment thereto relating to the Securities (in each case without exhibits thereto) and (iii) so long as a prospectus relating to the Securities is required to be delivered under the Act, as many copies of each Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto as the Representatives may reasonably request; without limiting the application of clause (iii) of this sentence, the Company, not later than (A) 6:00 p.m., New York city time, on the date of determination of the public offering price, if such determination occurred at or prior to 10:00 AM, New York City time, on such date or (B) 12:00 Noon, New York City time, on the business day following the date of determination of the public offering price, if such determination occurred after 10:00 AM, New York city time, on such date, will deliver to the Representatives, without charge, as many copies of the Prospectus or any Integrated Prospectus and any amendment or supplement thereto as the Representatives may reasonably request for purposes of confirming orders that are expected to settle on the Firm Closing Date.

(f) The Company, as soon as practicable, will make generally available to its securityholders and to the Representatives a consolidated earning statement of the Company and its subsidiaries that satisfies the provisions of Section 11(a) of the Act and Rule 158 thereunder.

(g) The Company will apply the net proceeds from the sale of the Securities as set forth under "Use of Proceeds" in the Prospectus and any Integrated Prospectus.

(h) The Company will not, directly or indirectly, without the prior written consent of Prudential Securities Incorporated, on behalf of the Underwriters, offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract of sale, pledge, grant of any option to purchase or other sale or disposition) of (i) any securities of the Company that are substantially similar to the Securities or the Underlying Securities, (ii) any securities convertible into, or exchangeable or exercisable for, the Securities or Underlying Securities to any unaffiliated third party for a period commencing on the date hereof and terminating 90 days after the date of the Prospectus or any Integrated Prospectus, except pursuant to this agreement; provided, however, that the Company may issue shares of Common Stock in exchange for Units existing at the date of this Agreement. Prudential Securities Incorporated, at any time and without notice, may release all or any portion of the securities subject to such agreement.

(i) If required as set forth in Schedule 1 hereto, the Company will obtain the agreements described in Section 6(g) hereof prior to the Firm Closing Date.

(j) The Company will not, directly or indirectly, (i) take any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) (A) sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of the Securities or (B) pay or agree to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(k) If at any time during the 25-day period after the Registration Statement becomes effective or the period prior to the Option Closing Date, any rumor, publication or event relating to or affecting the Company shall occur as a result of which in your opinion the market price of the Common Stock has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus or any Integrated Prospectus), the Company will, after written notice from you advising the Company to the effect set forth above, forthwith prepare, consult with you concerning the substance of, and disseminate a press release or other public statement, reasonably satisfactory to you, responding to or commenting on such rumor, publication or event.

(l) If required as set forth in Schedule 1 hereto, the Company will cause the Securities and any Underlying Securities to be duly authorized for listing by the New York Stock Exchange.

(m) The Company will continue to use its best efforts to meet the requirements to qualify as a REIT under the Code.

5. Expenses. The Company will pay all costs and expenses incident to

the performance of its obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 10 hereof, including all costs and expenses incident to (i) the printing or other production of documents with respect to the transactions, including any costs of printing the registration statement originally filed with respect to the Securities and any amendment thereto, any Preliminary Prospectus, the Prospectus and any Integrated Prospectus and any amendment or supplement thereto, this Agreement, the Securities Documents and any blue sky memoranda, (ii) all arrangements relating to the delivery to the Underwriters of copies of the foregoing documents, (iii) the fees and disbursements of counsel, accountants and any other experts or advisors retained by the Company, (iv) preparation, issuance and delivery to the Underwriters of any certificates evidencing the Securities, including the fees and expenses of the transfer agent, exchange agent or registrar, (v) the qualification, if

any, of the Securities and any Underlying Securities under state securities and blue sky laws and real estate syndication laws, including filing fees and fees and disbursements of counsel for the Underwriters relating thereto and relating to the preparation of a blue sky memoranda, (vi) the filing fees of the Commission relating to the Securities, (vii) any listing of the Securities and Underlying Securities on the New York Stock Exchange, (viii) any meetings with prospective investors in the Securities arranged by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters) and (ix) advertising relating to the offering of the Securities requested by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters). If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 of this Agreement is not satisfied, because this Agreement is terminated pursuant to Section 10 of this Agreement or because of any failure, refusal or inability on the part of the Company to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder other than by reason of a default by and of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including counsel fees and disbursements) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities. The Company shall not in any event be liable to any of the Underwriters for the loss of anticipated profits from the transactions covered by this Agreement.

6. Conditions of the Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Firm Securities shall be subject, in the Representatives' sole discretion, to the accuracy of the representations and warranties of the Company contained herein as of the date of this Agreement as specified in Schedule 1 hereto and as of the Firm Closing Date, as if made on and as of the Firm Closing Date, to the accuracy of the statements of the Company's officers made pursuant to the provisions hereof, to the performance by the Company of its covenants and agreements hereunder and to the following additional conditions:

(a) The Prospectus, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto shall have been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act; no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto shall have been issued, and no proceedings for that purpose shall have been instituted or threatened or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission; and the Company shall have complied with any request of the Commission for additional information (to be included in the Registration Statement, the Prospectus or any Integrated Prospectus or otherwise).

(b) The Representatives shall have received an opinion, dated the Firm Closing Date, from Pryor, Cashman, Sherman & Flynn, counsel for the Company, to the effect that:

(i) the Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a whole. Each of the Subsidiaries has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its

properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a whole;

(ii) the Company and each of the Subsidiaries have full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus and each of the Company and the Subsidiaries have full power, corporate or other, to enter into this Agreement and the Securities Documents and to carry out all the terms and provisions hereof and thereof to be carried out by it;

(iii) the issued shares of capital stock of each of the Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the Registration Statement, the Prospectus and any Integrated Prospectus, all of such shares and interests owned by the Company or another Subsidiary are owned beneficially by the Company or such Subsidiary free and clear of any security interest, mortgage, pledge, lien, encumbrance, equity or claim;

(iv) the Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus). All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable;

(v) the Securities have been duly authorized, and when executed and delivered against payment therefor in accordance with the Underwriting Agreement, will be validly issued, fully paid and non-assessable, and the execution and delivery of the Securities (other than any Contract Securities) have been duly authorized by all necessary corporate action, and the Securities have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities by parties other than the Company, are, and any Contract Securities, when executed and delivered in the manner provided in the Securities Documents, will be, the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(vi) the Underlying Securities have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document such securities will be validly issued, fully paid and non-assessable;

(vii) the execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, such agreements are valid and binding instruments of the Company enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(viii)no holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement;

(ix) the statements set forth under the heading "Description of Common Stock", "Description of Preferred Stock" and "Description of Warrants" in the Prospectus and any Integrated Prospectus insofar as such statements purport to summarize certain provisions of the Securities of the Company, provide a fair summary of such

provisions; and the statements set forth under the headings "Restrictions on Ownership of Offered Securities" and "Certain United States Federal

Income Tax Considerations to the Company of its REIT Election" in the Prospectus and "Risk Factors", "Certain United States Federal Income Tax Considerations to Holders of Common Stock" and "Underwrit ing", in the Prospectus Supplement, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, provide a fair summary of such legal matters, documents and proceedings;

(x) the execution and delivery of this Agreement has been duly authorized by all necessary corporate action of the Company and this Agreement has been duly executed and delivered by the Company, and are the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy;

(xi) (A) no legal or governmental proceedings are pending to which the Company, any of the Subsidiaries, or any of their respective directors or officers in their capacity as such, is a party or to which the Properties or any other property of the Company or any of the Subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not described therein, and, to the best knowledge of such counsel, no such proceedings have been threatened against the Company or any of the Subsidiaries or with respect to the Properties or any of their respective other properties and (B) no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus or to be filed as an exhibit to the Registration Statement that is not described therein or filed as required;

(xii) the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement, the compliance by the Company with the other provisions of this Agreement, any Securities Documents and the consummation of the other transactions herein contemplated do not (A) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained and such as may be required under state securities or blue sky laws (as to which such counsel need not opine) or (B) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance

upon any of the Properties or any other properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or the Properties or any other of their respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or (to the best knowledge of such counsel) any arbitrator applicable to the Company or any of the Subsidiaries or any of the Properties;

(xiii) none of the Subsidiaries is currently contractually prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interests, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus;

(xiv) to the best knowledge of such counsel, the Company and the Subsidiaries possess all certificates, authorizations, licenses and permits issued by the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except for such certificates, authorizations, licenses and permits the failure of which to possess would not be expected to result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization, license or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiar ies, taken as a whole, except as described in the Prospectus and

any Integrated Prospectus;

(xv) the Company is not subject to registration as an investment company under the Investment Company Act of 1940, as amended, and the transactions contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act;

(xvi) neither the Company nor any of the Subsidiaries is in violation of any term or provision of its articles of incorporation, bylaws, partnership agreements

or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement and the Securities Documents the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of the other transactions herein and therein contemplated will not result in any default, in the due performance and observance of any term, covenant or condition of any indenture, mortgage or deed of trust, or any material lease or other agreement or instrument known to such counsel after due inquiry to which the Company or any of the Subsidiaries is a party or by which the Company, any of the Subsidiaries, any of the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, taken as a whole;

(xvii) as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(xviii) the Registration Statement is effective under the Act; the Prospectus or any Term Sheet that constitutes a part thereof and any Integrated Prospectus or the Prospectus Supplement, as the case may be, has been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b); and no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or, to the best knowledge of such counsel, threatened by the Commission; and

(xix) the Registration Statement originally filed with respect to the Securities and each amendment thereto, the Prospectus and any Integrated Prospectus (in each case, including the documents incorporated by reference therein but not including the financial statements and other financial and statistical data contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder.

Such counsel shall also state that they have no reason to believe that the Registration Statement, as of its effective date, contained any untrue statement of a material fact

or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any Integrated Prospectus, as of the date of the Prospectus Supplement or any required Integrated Prospectus and the date of such opinion, included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering any such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Company and public officials and, as to matters involving the application of laws of any jurisdiction other than the States of New York, New Jersey and Delaware or the United States, to the extent satisfactory in form and scope to counsel for the Underwriters, upon the opinion of local counsel. The foregoing opinion shall also state that the Underwriters are justified in relying upon such opinion of local counsel, and copies of such opinion shall be delivered to the Representatives and counsel for the Underwriters.

References to the Registration Statement, the Prospectus and any

Integrated Prospectus in this paragraph (b) shall include any amendment or supplement thereto at the date of such opinion.

(c) The Representatives shall have received an opinion, dated the Firm Closing Date, of Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Underwriters, with respect to the issuance and sale of the Securities, the Registration Statement, the Prospectus, and any Integrated Prospectus and such other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(d) The Representatives shall have received from Price Waterhouse LLP and each other accounting firm that has certified financial statements, and delivered its report with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus, a letter or letters dated, respectively, the date of this Agreement as specified in Schedule 1 hereto and the Firm Closing Date, in form and substance satisfactory to the Representatives, to the effect that:

(i) they are independent accountants with respect to the Company and its subsidiaries within the meaning of the Act, the Exchange Act and the applicable published rules and regulations thereunder;

(ii) in their opinion, the financial statements audited by them and incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act, the Exchange Act and the related published rules and regulations thereunder;

(iii) a reading of the minute books of the shareholders, the board of directors and any committees thereof of the Company and each of its consolidated subsidiaries, and inquiries of certain officials of the Company and its consolidated subsidiaries who have responsibility for financial and accounting matters, nothing came to their attention that caused them to believe that:

(A) (i) any unaudited consolidated condensed financial statements of the Company and its consolidated subsidiaries included in the Registra tion Statement, the Prospectus and any Integrated Prospectus do not comply as to form in all material respects with the applicable accounting require ments of the Act, the Exchange Act and the related published rules and regulations thereunder, or (ii) any material modification should be made to the unaudited consolidated condensed financial statements for them to be in conformity with generally accepted accounting principles;

(B) at a specific date not more than five business days prior to the date of such letter, there were any changes in the common stock or increase in mortgages and loans payable of the Company and its consolidated subsidiaries, in each case compared with amounts shown on the most recent consolidated balance sheet included in the Registration Statement, the Prospectus and any Integrated Prospectus, except for such changes set forth in such letter;

(iv) they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information that are derived from the general accounting records of the Company and its consolidated subsidiaries and are included in the Registration Statement, the Prospectus and any Integrated Prospectus and in Exhibit 12 to the Registration Statement, including the information included or incorporated in the Company's most recent Annual Report on Form 10-K under the captions "Business" (Item 1), "Selected Financial Data" (Item 6) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7) and the information included or incorporated in the Company's Quarterly Reports on Form 10-Q under the caption "Management's Discussion and

Analysis of Financial Condition and Results of Operations,"and have compared such amounts, percentages and financial information with such records and with information derived from such records and have found them to be in agreement, excluding any questions of legal interpretation; and

(v) on the basis of a reading of any unaudited pro forma consolidated condensed financial statements included in the Registration Statement, the Prospectus and any Integrated Prospectus, carrying out certain specified procedures that would not necessarily reveal matters of significance with respect to the comments set forth in this paragraph (v),

inquiries of certain officials of the Company, its consolidated subsidiaries and any acquired company who have responsibility for financial and accounting matters and proving the arithmetic accuracy of the application of the pro forma adjustments to the historical amounts in the unaudited pro forma consolidated condensed financial statements, nothing came to their attention that caused them to believe that the unaudited pro forma consolidated condensed financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of such statements.

In the event that the letters referred to above set forth any such changes, decreases or increases, it shall be a further condition to the obligations of the Underwriters that (A) such letters shall be accompanied by a written explanation of the Company as to the significance thereof, unless the Representatives deem such explanation unnecessary, and (B) such changes, decreases or increases do not, in the sole judgment of the Representa tives, make it impractical or inadvisable to proceed with the purchase and delivery of the Securities as contemplated by the Registration Statement.

References to the Registration Statement, the Prospectus and any Integrated Prospectus in this paragraph (d) with respect to either letter referred to above shall include any amendment or supplement thereto at the date of such letter.

(e) The Representatives shall have received a certificate, dated the Firm Closing Date, of the chief executive officer and the chief financial or accounting officer of the Company to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct as if made on and as of the Firm Closing Date; the Registration Statement, as amended as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the

statements therein not misleading, and the Prospectus or any Integrated Prospectus, as amended or supplemented as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Firm Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or threatened or, to the best of the Company's knowledge, are contemplated by the Commission; and

(iii) subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has not been any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), management, business prospects, net worth or results of operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus or any Integrated Prospectus (exclusive of any amendment or supplement thereto).

(f) On or before the Firm Closing Date, the Representatives and counsel for the Underwriters shall have received such further certificates, documents or other information as they may have reasonably requested from the Company.

(g) The Representatives shall have received from each person who is a director or executive officer of the Company an agreement to the effect that such person will not, directly or indirectly, without the prior written consent of Prudential Securities Incorporated, on behalf of the Underwriters, offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract of sale, pledge, grant of an option to purchase or other sale or disposition) of any shares of Securities or any securities convertible into, or exchangeable or exercisable for, the Securities for a period of 90 days after

the date of this Agreement. Prudential Securities Incorporated, at any time and without notice, may release all or any portion of the securities subject to such agreements.

(h) If applicable, prior to the commencement of the offering of the Securities, the Securities and any Underlying Securities shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

All opinions, certificates, letters and documents delivered pursuant to this Agreement will comply with the provisions hereof only if they are reasonably satisfactory in all material respects to the Representatives and counsel for the Underwriters. The Company shall furnish to the Representatives such conformed copies of such opinions, certificates, letters and documents in such quantities as the Representatives and counsel for the Underwriters shall reasonably request.

The respective obligations of the several Underwriters to purchase and pay for any Option Securities shall be subject, in their discretion, to each of the foregoing conditions to purchase the Firm Securities, except that all references to the Firm Securities and the Firm Closing Date shall be deemed to refer to such Option Securities and the related Option Closing Date, respectively.

7. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which such Underwriter or such controlling person may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement made by the Company in Section 2 of this Agreement,

(ii) any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement or any amendment thereto or any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto or (B) any application or other document, or any amendment or supplement thereto, executed by the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Securities under the securities or blue sky laws thereof or filed with the Commission or any securities association or securities exchange (each an "Application"),

(iii) the omission or alleged omission to state in the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application a

material fact required to be stated therein or necessary to make the statements therein not misleading or

(iv) any untrue statement or alleged untrue statement of any material fact contained in any audio or visual materials used in connection with the marketing of the Securities, including, without limitation, slides, videos, films and tape recordings,

and will reimburse, as incurred, each Underwriter and each such controlling person for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein. This indemnity agreement will be in addition to any liability which the Company may otherwise have. The Company will not, without the prior written consent of the Underwriter or Underwriters purchasing, in the aggregate, more than 50% of the Firm Securities, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any such Underwriter or any person who controls any such Underwriter within the

meaning of Section 15 of the Act or Section 20 of the Exchange Act is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of all of the Underwriters and such controlling persons from all liability arising out of such claim, action, suit or proceeding.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company or any such director, officer or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application or (ii) the omission or the alleged

omission to state therein a material fact required to be stated in the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein; and, subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses reasonably incurred by the Company or any such director, officer or controlling person in connection with investigating or defending any such loss, claim, damage, liability or any action in respect thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 7. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Representatives in the case of paragraph

(a) of this Section 7, representing the indemnified parties under such paragraph (a) who are parties to such action or actions) or (ii) the indemnifying party does not promptly retain counsel satisfactory to the indemnified party or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the consent of the indemnifying

party.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 7 is unavailable or insufficient, for any reason, to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the offering of the Securities or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the parties' relative intents, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable consider ations appropriate in the circumstances. The Company and the Underwriters agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to above in this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Underwriter shall be obligated to make contributions hereunder that in the aggregate exceed the total public offering price of the Securities purchased by such Underwriter under this Agreement, less the aggregate amount of any damages that such Underwriter has otherwise been required to pay in respect of the same or any substantially similar claim, and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution

from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute hereunder are several in proportion to their respective underwriting obligations and not joint, and contributions among Underwriters shall be governed by the provisions of the Prudential Securities Incorporated Master Agreement Among Underwriters. For purposes of this paragraph (d), each person, if any, who controls an Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement as amended at the date of this Agreement as specified in Schedule 1 hereto and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company.

8. Default of Underwriters. If one or more Underwriters default in their obligations to purchase Firm Securities or Option Securities hereunder and the aggregate number of such Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase is ten percent or less of the aggregate number of Firm Securities or Option Securities to be purchased by all of the Underwriters at such time hereunder, the other Underwriters may make arrangements satisfactory to the Representatives for the purchase of such Securities by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives), but if no such arrangements are made by the Firm Closing Date or the related Option Closing Date, as the case may be, the other Underwriters shall be obligated severally in proportion to their respective commitments hereunder to purchase the Firm Securities or Option Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase. If one or more Underwriters so default with respect to an aggregate number of Securities that is more than ten percent of the aggregate number of Firm Securities or Option Securities, as the case may be, to be purchased by all of the Underwriters at such time hereunder, and if arrangements satisfactory to the Representatives are not made within 36 hours after such default for the purchase by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives) of the Securities with respect to which such default occurs, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company other than as provided in Section 9 hereof. In the event of any default by one or more Underwriters as described in this Section 8, the Representatives shall have the right to postpone the Firm Closing Date or the Option Closing Date, as the case may be, established as provided in Section 3 of this Agreement for not more than seven

business days in order that any necessary changes may be made in the arrangements or documents for the purchase and delivery of the Firm Securities or Option Securities, as the case may be. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section 8. Nothing herein shall relieve any defaulting Underwriter from liability for its default.

9. Survival. The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company, its officers and the several Underwriters set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company, any of its officers or directors, any Underwriter or any controlling person referred to in Section 7 hereof and (ii) delivery of and payment for the Securities. The respective agreements, covenants, indemnities and other statements set forth in Sections 5 and 7 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

10. Termination. (a) This Agreement may be terminated with respect to the Firm Securities or any Option Securities in the sole discretion of the Representatives by notice to the Company given prior to the Firm Closing Date or the related Option Closing Date, respectively, in the event that the Company shall have failed, refused or been unable to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder at or prior thereto or, if at or prior to the Firm Closing Date or such Option Closing Date, respectively,

(i) the Company or any of the Subsidiaries shall have, in the sole judgment of the Representatives, sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding or there shall have been any material adverse change, or any development involving a prospective material adverse change (including without limitation a change in management or control of the Company, which includes the termination of the employment of John J. Cali or Thomas A. Rizk), in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto);

(ii) trading in the Common Stock shall have been suspended by the Commission or the New York Stock Exchange or trading in securities generally on the New York Stock Exchange shall have been suspended or minimum or maximum prices shall have been established on such exchange;

(iii) there shall have been any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with

positive implications of a possible upgrading, and no implication of a possible downgrad ing, of such rating);

(iv) a banking moratorium shall have been declared by New York or United States authorities; or

(v) there shall have been (A) an outbreak or escalation of hostilities between the United States and any foreign power, (B) an outbreak or escalation of any other insurrection or armed conflict involving the United States or (C) any other calamity or crisis or material adverse change in general economic, political or financial conditions having an effect on the U.S. financial markets that, in the sole judgment of the Representatives, makes it impractical or inadvisable to proceed with the public offering or the delivery of the Securities as contemplated by the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto

(b) Termination of this Agreement pursuant to this Section 10 shall be without liability of any party to any other party except as provided in Section 9 hereof.

11. Information Supplied by Underwriters. The statements set forth in the last paragraph on the front cover page of the Prospectus Supplement and under the heading "Underwriting" in the Prospectus Supplement (to the extent

such statements relate to the Underwriters) constitute the only information furnished by any Underwriter through the Representatives to the Company for the purposes of Sections 2(b) and 7(b) hereof. The Underwriters confirm that such statements (to such extent) are correct.

12. Notices. All communications hereunder shall be in writing and, if sent to any of the Underwriters, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to Prudential Securities Incorporated, One New York Plaza, New York, New York 10292, Attention: Equity Transactions Group; and if sent to the Company, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to the Company at 11 Commerce Drive, Cranford, New Jersey, 07016, Attention: Thomas A. Rizk.

13. Successors. This Agreement shall inure to the benefit of and shall be binding upon the several Underwriters, the Company and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that (i) the indemnities of the Company

contained in Section 7 of this Agreement shall also be for the benefit of any person or persons who control any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and (ii) the indemnities of the Underwriters contained in Section 7 of this Agreement shall also be for the benefit of the directors of the Company, the officers of the Company who have signed the Registration Statement as amended at the date of this Agreement as specified in Schedule 1 hereto and any person or persons who control the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act. No purchaser of Securities from any Underwriter shall be deemed a successor because of such purchase.

14. Applicable Law. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT, AND THE TERMS AND CONDITIONS SET FORTH HEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY PROVISIONS RELATING TO CONFLICTS OF LAWS.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter shall constitute an agreement binding the Company and each of the several Underwriters.

Very truly yours,

CALI REALTY CORPORATION

By: /s/ Thomas A. Rizk

Name: Thomas A. Rizk
Title: President and CEO

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

PRUDENTIAL SECURITIES INCORPORATED
BEAR, STEARNS & CO. INC.
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
MORGAN, STANLEY & CO. INCORPORATED
PAINEWEBBER INCORPORATED
SMITH BARNEY INC.
UBS SECURITIES LLC
WHEAT, FIRST SECURITIES, INC.

By: PRUDENTIAL SECURITIES INCORPORATED

By: /s/ Jean-Claude Canfin

Name: Jean-Claude Canfin
Title: Managing Director

For itself and on behalf of each of the several Underwriters.

SCHEDULE 1

DESCRIPTION OF SECURITIES; TERMS OF OFFERING

1. Registration Statement:

File No. 333-19101

2. Date of Underwriting Agreement:

October 9, 1997

3. Underwriters:

Prudential Securities Incorporated
Bear, Stearns & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Morgan, Stanley & Co. Incorporated
PaineWebber Incorporated
Smith Barney Inc.
UBS Securities LLC
Wheat, First Securities, Inc.

4. Title of Securities:

Common Stock, par value $.01 per share

5. Aggregate Number of Firm Securities:

Common Stock, par value $.01 per share: 13,000,000 shares

6. Aggregate Number of Option Securities:

Common Stock, par value $.01 per share: 1,950,000 shares

7. Price to Public:

Common Stock, par value $.01 per share: $39.8125 per share

8. Purchase Price by Underwriters:

Common Stock, par value $.01 per share: $37.7725 per share

9. Specified Funds for Payment of Purchase Price:

Wire Transfer of Same Day Funds

10. Terms of Securities:

Preferred Stock: N/A

Warrants: N/A

Other Provisions: N/A

11. Lock-up Requirements:

As set forth in Sections 4(h) and 6(g) of this Agreement. Notwithstanding Section 4(h) of this Agreement, in connection with the Transaction (as defined in the Prospectus), the Company may issue 3,391,048 Common Units, 249,656 Preferred Units and 2,000,000 Warrants to purchase Common Units to Mack or Mack's designees in connection with the contribution of the Mack Properties to the Company.

12. Delivery of Securities:

Firm Securities:
Prudential Securities Incorporated, One New York Plaza, New York, New York on or about October 15,1997

Option Securities:
Prudential Securities Incorporated, One New York Plaza, New York, New York no later than November 14, 1997, if option exercised

13. Pre-Closing Location:

Pryor, Cashman, Sherman, & Flynn, 410 Park Avenue, New York, New York on October 14, 1997

14. Closing Location:

Pryor, Cashman, Sherman, & Flynn, 410 Park Avenue, New York, New York on October 15, 1997

15. Miscellaneous:

SCHEDULE 2

UNDERWRITERS

Underwriter	Number of Firm Shares to be Purchased
Prudential Securities Incorporated	1,852,500
Bear, Stearns & Co. Inc.	1,852,500
Donaldson, Lufkin & Jenrette Securities Corporatino	1,852,500
Morgan, Stanley & Co. Incorporated	1,852,500
PaineWebber Incorporated	1,852,500
Smith Barney Inc.	1,852,500
UBS Securities LLC	942,500
Wheat, First Securities, Inc.	942,500
Total	13,000,000

MACK-CALI REALTY CORPORATION

UNDERWRITING AGREEMENT

February 19, 1998

To the Representatives named in Schedule 1 hereto of the
several Underwriters named in Schedule 2 hereto

Ladies and Gentlemen:

Mack-Cali Realty Corporation, a Maryland corporation qualified as a real estate investment trust (the "Company"), hereby confirms its agreement with the several underwriters named in Schedule 2 hereto (the "Underwriters"), for whom you have been duly authorized to act as representatives (in such capacities, the "Representatives"), as set forth below. If you are the only Underwriters, all references herein to the Representatives shall be deemed to be to the Underwriters.

1. Securities. Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the several Underwriters certain securities of the Company identified in Schedule 1 hereto (the "Firm Securities"). The Company also proposes to issue and sell to the several Underwriters the additional securities identified in Schedule 1 if requested by the Representatives as provided in Section 3 of this Agreement. Any and all shares of such additional securities to be purchased by the several Underwriters pursuant to such option are referred to herein as the "Option Securities," and the Firm Securities and any Option Securities are collectively referred to herein as the "Securities."

2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, each of the several Underwriters that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933, as amended (the "Act"). A registration statement (the file number of which is set forth in Schedule 1 hereto) on such Form with respect to the Securities, including a basic prospectus, has been filed by the Company with the Securities and Exchange Commission

(the "Commission") under the Act, and one or more amendments to such registration statement may also have been so filed. Such registration statement, as so amended, has been declared by the Commission to be effective under the Act. Such registration statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, meets the requirements set forth in Rule 415(a)(1)(x) under the Act and complies in all other material respects with said Rule. The Company will next file with the Commission either (A) if the Company relies on Rule 434 under the Act, a Term Sheet (as hereinafter defined) relating to the Securities, that shall identify the Preliminary Prospectus (as hereinafter defined) that it supplements and, if required to be filed pursuant to Rules 434(c)(2) and 424(b), an Integrated Prospectus (as hereinafter defined), in either case, containing such information as is required or permitted by Rules 434, 430A, and 424(b) under the Act or (B) if the Company does not rely on Rule 434 under the Act, pursuant to Rule 424(b) under the Act a final prospectus supplement to the basic prospectus included in such registration statement, as so amended, describing the Securities and the offering thereof, in such form as has been provided to, or discussed with, and approved by the Representatives as provided in section 4(a) of this Agreement. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was declared effective, including (i) all financial schedules and exhibits thereto, (ii) all documents incorporated by reference or deemed to be incorporated by reference therein and (iii) any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined) or, if required to be filed pursuant to Rules 434(c)(2) and 424(b), in the Integrated Prospectus; the term "Basic Prospectus" means the prospectus included in the Registration Statement; the term "Preliminary Prospectus" means any preliminary form of the Prospectus (as defined herein) specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 of the Rules and Regulations; the term "Prospectus Supplement" means any prospectus supplement specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Securities Act; the term "Prospectus" means: (A) if the Company relies on Rule 434 under the Act, the Term Sheet relating to the Securities that is first filed pursuant to Rule 424(b)(7) under the Act, together with the Preliminary Prospectus identified therein that such Term Sheet supplements; (B) if the Company does not rely on Rule 434 under the Act, the Preliminary Prospectus; or (C) if the Company does not rely on Rule 434 under the Act and if no prospectus is required to be filed pursuant to Rule 424 under the Act, the Basic Prospectus, including, in each case, the Prospectus Supplement; "Basic Prospectus," "Prospectus," "Preliminary Prospectus" and "Prospectus Supplement" shall include in each case the documents, if any, filed by the Company with the Commission pursuant to the United States Securities Exchange Act of 1934, as

amended (the "Exchange Act"), and incorporated by reference therein; the term "Integrated Prospectus" means a prospectus first filed with the Commission pursuant to Rules 434(c)(2) and 424(b) under the Act; and the term "Term Sheet" means any abbreviated term sheet that satisfies the requirements of Rule 434 under the Act. Any reference in this Agreement

to an "amendment" or "supplement" to any Preliminary Prospectus, the Prospectus, or any Integrated Prospectus or an "amendment" to any registration statement (including the Registration Statement) shall be deemed to include any document incorporated by reference therein that is filed with the Commission under the Exchange Act after the date of such Preliminary Prospectus, Prospectus, Integrated Prospectus or registration statement, as the case may be. For purposes of the preceding sentence, any reference to the "effective date" of an amendment to a registration statement shall, if such amendment is effected by means of the filing with the Commission under the Exchange Act of a document incorporated by reference in such registration statement, be deemed to refer to the date on which such document was so filed with the Commission; any reference herein to the "date" of a Prospectus that includes a Term Sheet shall mean the date of such Term Sheet.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus. When any Preliminary Prospectus was filed with the Commission it (i) contained all statements required to be stated therein in accordance with, and complied in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. When the Registration Statement or any amendment thereto was or is declared effective, it (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading. When the Prospectus or any Term Sheet that is a part thereof or any Integrated Prospectus or any amendment or supplement to the Prospectus is filed with the Commission pursuant to Rule 424(b), on the date when the Prospectus is otherwise amended or supplemented and on the Firm Closing Date and any Option Closing Date (both as hereinafter defined), each of the Prospectus and, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus, as amended or supplemented at any such time, (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing provisions of this paragraph (b) do not apply to statements or omissions made in any Preliminary Prospectus or any amendment or supplement thereto, the Registration Statement or any amendment thereto, the Prospectus or, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus or any

amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein.

(c) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole.

(d) Each of the subsidiaries of the Company (the "Subsidiaries") has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole. The issued shares of capital stock of each of the Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the

Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), all of such shares and interests in the Subsidiaries owned by the Company are owned beneficially by the Company or another Subsidiary free and clear of any security interests, mortgages, pledges, grants, liens, encumbrances, equities or claims.

(e) There are no outstanding (A) securities or obligations of the Company or any of the Subsidiaries convertible into or exchangeable for any capital stock of the Company or any Subsidiary, (B) warrants, rights or options to subscribe for or purchase from the Company or any Subsidiary any such capital stock or any such convertible or exchangeable securities or obligations, or (C) obligations of the Company or any such Subsidiary to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(f) The Company and each of the Subsidiaries has full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the

Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus); and the Company has full power, corporate or other, to enter into this Agreement and any other agreement pursuant to which the Securities are issued as specified in Schedule 1 to this Agreement (the "Securities Documents") and to carry out all the terms and provisions hereof and thereof to be carried out by it.

(g) The Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus). All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable.

(h) The Securities have been duly authorized, and, when such securities are issued and delivered as contemplated by the terms of this Agreement and the applicable Securities Document such securities will be validly issued, fully paid and non-assessable.

(i) The execution and delivery of the Securities have been duly authorized by all necessary corporate action, and, at the Firm Closing Date or the related Option Closing Date (as the case may be), the Securities will have been duly executed and delivered by the Company, and if applicable, assuming due authorization, execution and delivery of the Securities by parties other than the Company, will be the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(j) The securities of the Company issuable in exchange for or upon conversion of the Securities as specified in Schedule 1 to this Agreement (the "Underlying Securities") have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document, such securities will be validly issued, fully paid and non-assessable.

(g) The execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and, at the Firm Closing Date or the related Option Closing Date (as the case may be), such agreements will have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, and, if required, such Securities Documents have been filed with the Secretary of State of the State of Maryland or any other applicable jurisdiction, and such agreements will constitute valid and binding instruments of the Company enforceable against the

Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(k) No holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of

the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement.

(l) The Securities and Underlying Securities conform to their description contained in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(m) The combined financial statements and schedules of the Company and the Cali Group (as defined in the Registration Statement) and the consolidated financial statements and schedules of the Company and its consolidated subsidiaries included in or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) fairly present the combined financial position of the Company and the Cali Group and fairly present the consolidated financial position of the Company and its consolidated subsidiaries, as the case may be, and the results of operations and changes in financial condition as of the dates and periods therein specified. Such combined and consolidated financial statements and schedules have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise noted therein).

(n) The selected financial data set forth under the caption "Selected Financial Data" in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) fairly present, on the basis stated in the Prospectus and any Integrated Prospectus (or such Preliminary Prospectus) and such Annual Report, the information included therein. The pro forma financial statements and other pro forma financial information included in or incorporated therein in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) comply in all material respects with the applicable requirements of Rule 11-02 of Regulation S-X of the Commission and the pro forma adjustments have been properly applied to the historical amounts in the compilation

of such statements and the assumptions used in the preparation thereof are, in the opinion of the Company, reasonable.

(o) Price Waterhouse LLP, which has certified certain financial statements of the Company and its consolidated subsidiaries and of the Cali Group and delivered its reports with respect to the audited consolidated financial statements and schedules, and any other accounting firm that has certified financial statements and delivered its reports with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), are independent public accountants as required by the Act, the Exchange Act and the respective rules and regulations thereunder.

(p) The execution and delivery of this Agreement has been duly authorized by the Company and this Agreement has been duly executed and delivered by the Company, and is the valid and binding agreement of the Company enforceable against the Company in accordance with the terms hereof, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy.

(q) No legal or governmental proceedings are pending to which the Company or any of the Subsidiaries or to which the property of the Company or any of the Subsidiaries is subject, that are required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) and are not described therein, and no such proceedings have been threatened against the Company or any of the Subsidiaries; and no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or to be filed as an exhibit to the Registration Statement that is not described therein or filed as required.

(r) The issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement and the Securities Documents, the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of the other transactions herein and therein contemplated do not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained, such as may be

required under state securities or blue sky laws and, if the registration statement filed with respect to the Securities (as amended)

is not effective under the Act as of the time of execution hereof, such as may be required (and shall be obtained as provided in this Agreement) under the Act, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or any other of their respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to the Company or any of the Subsidiaries or any of their properties.

(s) The Company has not, directly or indirectly, (i) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Securities or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(t) Subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), (1) neither the Company nor any of the Subsidiaries has incurred any material liability or obligation, direct or contingent, or entered into any material transaction, which is not in the ordinary course of business; (2) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; and (3) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company or the Subsidiaries, except in each case as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(u) The Company or the Subsidiaries have good and indefeasible title in fee simple to all of the Properties (as defined in the Prospectus) and marketable title to all other property owned by each of them, in each case free and clear of any security interest, lien, mortgage, pledge, encumbrance, equity, claim and other defect, except liens which do not materially and adversely affect the value of such property and will not interfere with the use made or proposed to be made of such property by the Company or such Subsidiary, and any and all real property and buildings held under lease by the Company or any such Subsidiary are held under

valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company or such Subsidiary, in each case except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(v) No labor dispute with the employees of the Company or any of the Subsidiaries exists or is threatened or imminent that could result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(w) The Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all material patents, trademarks, service marks, trade names, licenses, copyrights and proprietary and other confidential information currently employed by them in connection with their respective businesses, and neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of any third party with respect to the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in

existence, the most recent Preliminary Prospectus).

(x) The Company and each of the Subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they will be engaged; neither the Company nor any of the Subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of the Subsidiaries has any reason to believe that any of them will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(y) None of the Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interest, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(z) The Company and each of the Subsidiaries has complied with all laws, regulations and orders applicable to it or its respective business and properties except where the failure to so comply would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; the Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except where the failure to possess the same would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(aa) The Company will conduct its operations in a manner that will not subject it to registration as an investment company under the Investment Company Act of 1940, as amended, and the transactions contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act.

(ab) The Company and each of the Subsidiaries has filed all foreign, federal, state and local tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not have a material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as described in the Prospectus and any Integrated Prospectus (or,

if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ac) The Company is organized in conformity with the requirements for qualification as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and the present and contemplated method of operation of the Company and the Subsidiaries does and will enable the Company to meet the requirements for taxation as a REIT under the Code.

(ad) Neither the Company nor any of the Subsidiaries is in violation of any federal or state law or regulation relating to occupational safety and health and the Company and the Subsidiaries have received all permits, licenses or other approvals required of them under applicable federal

and state occupational safety and health and environmental laws and regulations to conduct their respective businesses, and the Company and each of the Subsidiaries is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ae) Except for the shares of capital stock of each of the Subsidiaries owned by the Company or another Subsidiary, neither the Company nor any of the Subsidiaries owns any shares of stock or any other equity securities of any corporation or has any equity interest in any firm, partnership, association or other entity, except as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(af) The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management's general or specific authorizations; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(ag) Neither the Company nor any of the Subsidiaries is in violation of any term or provision of its Articles of Incorporation, By-laws, partnership agreements or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the consummation of the transactions by this Agreement and under the Securities Documents will not result in any default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company, the Subsidiaries or the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole.

(ah) If required as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

(ai) (A) Neither the Company nor any Subsidiary knows of any violation of any municipal, state or federal law, rule or regulation (including those pertaining to environmental matters) concerning the Properties or any part thereof which would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (B) each of the Properties complies with all applicable zoning laws, ordinances, regulations and deed restrictions or other covenants in all material respects and, if and to the extent there is a failure to comply, such failure does not materially impair the value of any of the Properties and will not result in a forfeiture or reversion of title; (C) neither the Company nor any Subsidiary has received from any governmental authority any written notice of any condemnation of or zoning change affecting the Properties or any part thereof, and neither the Company nor any Subsidiary knows of any such condemnation or zoning change which is threatened and which if consummated would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (D) all liens, charges, encumbrances, claims, or restrictions on or affecting the properties and assets (including the Properties) of the Company or any of the Subsidiaries that are required to be described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) are disclosed therein; (E) no lessee of any portion of any of the Properties is in default under any of the leases governing such properties and there is no event which, but for the passage of time or the giving of notice or both would constitute a default under any of such leases, except such defaults that would not have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; and (F) except as

provided by law no tenant under any lease pursuant to which the Company or any of the Subsidiaries leases the Properties will have an option or right of first refusal to purchase the premises leased thereunder or the building of which such premises are a part.

(aj) Except as otherwise disclosed in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or in the Phase I Environmental Audits prepared by Environmental Waste Management Associates, Inc. previously delivered to the Representatives (the "Audits"), (i) neither the Company, any of the Subsidiaries nor, to the best knowledge of the Company, any other owners of the property at any time or any other party has at any time, handled, stored, treated, transported, manufactured, spilled, leaked, or discharged, dumped, transferred or otherwise disposed of or dealt with, Hazardous Materials (as hereinafter defined) on, to or from the Properties, other than by any such action taken in compliance with all applicable Environmental Statutes or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (ii) the Company does not intend to use the Properties or any subsequently acquired properties for the purpose of handling, storing, treating, transporting, manufacturing, spilling, leaking, discharging, dumping, transferring or otherwise disposing of or dealing with Hazardous Materials other than by any such action taken in compliance with all applicable Environmental Statues or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (iii) neither the Company nor any of the Subsidiaries knows of any seepage, leak, discharge, release, emission, spill, or dumping of Hazardous Materials into waters on or adjacent to the Properties or any other real property owned or occupied by any such party, or onto lands from which Hazardous Materials might seep, flow or drain into such waters; (iv) neither the Company nor any of the Subsidiaries has received any notice of, or has any knowledge of any occurrence or circumstance which, with notice or passage of time or both, would give rise to a claim under or pursuant to any federal, state or local environmental statute or regulation or under common law, pertaining to Hazardous Materials on or originating from any of the Properties or any assets described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or any other real property owned or occupied by any such party or arising out of the conduct of any such party, including without limitation a claim under or pursuant to any Environmental Statute (hereinafter defined); (v) neither the Properties nor any other land owned by the Company or any of the Subsidiaries is included or, to the best of the Company's knowledge, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as hereinafter defined) by the United States Environmental Protection Agency (the "EPA") or, to the best of the Company's knowledge, proposed for inclusion on any similar list or inventory issued pursuant to any other Environmental Statute or issued by any other Governmental Authority (as hereinafter defined).

As used herein, "Hazardous Material" shall include, without limitation any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, toxic substances, or related materials, asbestos or any hazardous material as defined by any federal, state or local environmental law, ordinance, rule or regulation including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. ss.ss. 9601-9675 ("CERCLA"), the Hazardous Materials Transportation Act, as amended, 49 U.S.C. ss.ss. 1801-1819, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.ss. 6901-6992K, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. ss.ss. 11001-11050, the Toxic Substances Control Act, 15 U.S.C. ss.ss. 2601-2671, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. ss.ss. 136-136y, the Clean Air Act, 42 U.S.C. ss.ss. 7401-7642, the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. ss.ss. 1251- 1387, the Safe Drinking Water Act, 42 U.S.C. ss.ss. 300f-300j-26, and the Occupational Safety and Health Act, 29 U.S.C. ss.ss. 651-678, as any of the above statutes may be amended from time to time, and in the regulations promulgated pursuant to each of the foregoing (individually, an "Environmental Statute") or by any federal, state or local governmental authority having or claiming jurisdiction over the properties and assets described in the Prospectus (a "Governmental Authority").

(ak) Each certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(al) The Company has not distributed and, prior to the later of (i) the Closing Date and (ii) the completion of the distribution of the Securities, will not distribute any material in connection with the offering and sale of the Securities other than the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus

or any amendment or supplement thereto, or other materials, if any, permitted by the Act.

3. Purchase, Sale and Delivery of the Securities.

(a) On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company, at the purchase price specified in Schedule 1 hereto, the number of Firm Securities set forth opposite the name of such Underwriter in Schedule 2 hereto. One or more certificates in definitive form for the Firm Securities that the several Underwriters have agreed to purchase hereunder, and in such denomination or denominations and registered in such name or names as the Representatives request upon notice to the Company at

least 48 hours prior to the Firm Closing Date, shall be delivered by or on behalf of the Company to the Representatives for the respective accounts of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor to the Company in such funds as are specified in Schedule 1 hereto. Such delivery of and payment for the Firm Securities shall be made at the date, time and place identified in Schedule 1 hereto, or at such other date, time or place as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 8 hereof, such date and time of delivery against payment being herein referred to as the "Firm Closing Date". The Company will make such certificate or certificates for the Firm Securities available for checking and packaging by the Representatives at the offices in New York, New York of the Company's transfer agent or registrar or warrant agent or of Prudential Securities Incorporated at least 24 hours prior to the Firm Closing Date.

(b) For the purpose of covering any over-allotments in connection with the distribution and sale of the Firm Securities as contemplated by the Prospectus and any Integrated Prospectus, the Company hereby grants to the several Underwriters an option to purchase, severally and not jointly, the Option Securities. The purchase price to be paid for any Option Securities shall be the same price per share as the price per share for the Firm Securities set forth in Schedule 1 to this Agreement, plus, if the purchase and sale of any Option Securities takes place after the Firm Closing Date and after the Firm Securities are trading "ex-dividend", an amount equal to the dividends payable on such Option Securities. The option granted hereby may be exercised as to all or any part of the Option Securities from time to time within thirty days after the date of the Prospectus or any Integrated Prospectus (or, if such 30th day shall be a Saturday or Sunday or a holiday, on the next business day thereafter when the New York Stock Exchange is open for trading). The Underwriters shall not be under any obligation to purchase any of the Option Securities prior to the exercise of such option. The Representatives may from time to time exercise the option granted hereby by giving notice in writing or by telephone (confirmed in writing) to the Company setting forth the aggregate number of Option Securities as to which the several Underwriters are then exercising the option and the date and time for delivery of and payment for such Option Securities. Any such date of delivery shall be determined by the Representatives but shall not be earlier than two business days or later than five business days after such exercise of the option and, in any event, shall not be earlier than the Firm Closing Date. The time and date set forth in such notice, or such other time on such other date as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 9 hereof, is herein called the "Option Closing Date" with respect to such Option Securities. Upon exercise of the option as provided herein, the Company shall become obligated to sell to each of the several Underwriters, and, subject to the terms and conditions herein set forth, each of the Underwriters (severally and not jointly) shall become obligated to purchase from the Company the same percentage of the total number of the Option Securities as

to which the several Underwriters are then exercising the option as such Underwriter is obligated to purchase of the aggregate number of Firm Securities, as adjusted by the Representatives in such manner as they deem advisable to avoid fractional shares. If the option is exercised as to all or any portion of the Option Securities, one or more certificates in definitive form for such Option Securities, and payment therefor, shall be delivered on the related Option Closing Date in the manner, and upon the terms and conditions, set forth in paragraph (a) of this Section 3 and Schedule 1 to this Agreement, except that reference therein to the Firm Securities and the Firm Closing Date shall be deemed, for purposes of this paragraph (b), to refer to such Option Securities and Option Closing Date, respectively.

(c) It is understood that any of you, individually and not as one of the Representatives, may (but shall not be obligated to) make payment on behalf of any Underwriter or Underwriters for any of the Securities to be

purchased by such Underwriter or Underwriters. No such payment shall relieve such Underwriter or Underwriters from any of its or their obligations hereunder.

4. Covenants of the Company. The Company covenants and agrees with each of the Underwriters that:

(a) The Company will file the Prospectus or any Term Sheet that constitutes a part thereof, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act. During any time when a prospectus relating to the Securities is required to be delivered under the Act, the Company (i) will comply with all requirements imposed upon it by the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder to the extent necessary to permit the continuance of sales of or dealings in the Securities in accordance with the provisions hereof and of the Prospectus and any Integrated Prospectus, as then amended or supplemented, and (ii) will not file with the Commission the Prospectus, Term Sheet, any Integrated Prospectus or any amendment or supplement thereto or any amendment to the Registration Statement of which the Representatives shall not previously have been advised and furnished with a copy for a reasonable period of time prior to the proposed filing and as to which filing the Representatives shall not have given their consent. The Company will prepare and file with the Commission, in accordance with the rules and regulations of the Commission, promptly upon request by the Representatives or counsel for the Underwriters, any amendment to the Registration Statement or amendment or supplement to the Prospectus and any Integrated Prospectus that may be necessary or advisable in connection with the distribution of the Securities by the several Underwriters, and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective by the Commission as promptly as possible. The Company will advise the Representatives,

promptly after receiving notice thereof, of the time when any amendment to the Registration Statement has been filed or declared effective or the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been filed and will provide evidence satisfactory to the Representatives of each such filing or effectiveness.

(b) The Company will advise the Representatives, promptly after receiving notice or obtaining knowledge thereof, of (i) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto or any order preventing or suspending the use of any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, (ii) the suspension of the qualification of the Securities for offering or sale in any jurisdiction, (iii) the institution, threatening or contemplation of any proceeding for any such purpose or (iv) any request made by the Commission for amending the Registration Statement, for amending or supplementing any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or for additional information. The Company will use its best efforts to prevent the issuance of any such stop order and, if any such stop order is issued, to obtain the withdrawal thereof as promptly as possible.

(c) If required by applicable law, the Company will arrange for the qualification of the Securities and any Underlying Securities for offering and sale under the securities or blue sky laws of such jurisdictions as the Representatives may designate and will continue such qualifications in effect for as long as may be necessary to complete the distribution of the Securities and any Underlying Securities; provided, however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

(d) If at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which the Prospectus or any Integrated Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it is necessary at any time to amend or supplement the Prospectus or any Integrated Prospectus to comply with the Act or Exchange Act or the respective rules or regulations of the Commission thereunder, the Company will promptly notify the Representatives thereof and, subject to Section 4(a) of this Agreement, will prepare and file with the Commission, at the Company's expense, an amendment to the Registration Statement or an amendment or supplement to the Prospectus and any Integrated Prospectus that corrects such statement or omission or effects such compliance.

(e) The Company will, without charge, provide (i) to the Representatives and to counsel for the Underwriters, a conformed copy of the registration statement originally filed with respect to the Securities and any amendment thereto (in each case including exhibits thereto), (ii) to each other Underwriter, a conformed copy of such registration statement and any amendment thereto relating to the Securities (in each case without exhibits thereto) and (iii) so long as a prospectus relating to the Securities is required to be delivered under the Act, as many copies of each Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto as the Representatives may reasonably request; without limiting the application of clause (iii) of this sentence, the Company, not later than (A) 6:00 p.m., New York city time, on the date of determination of the public offering price, if such determination occurred at or prior to 10:00 AM, New York City time, on such date or (B) 12:00 Noon, New York City time, on the business day following the date of determination of the public offering price, if such determination occurred after 10:00 AM, New York city time, on such date, will deliver to the Representatives, without charge, as many copies of the Prospectus or any Integrated Prospectus and any amendment or supplement thereto as the Representatives may reasonably request for purposes of confirming orders that are expected to settle on the Firm Closing Date.

(f) The Company, as soon as practicable, will make generally available to its securityholders and to the Representatives a consolidated earning statement of the Company and its subsidiaries that satisfies the provisions of Section 11(a) of the Act and Rule 158 thereunder.

(g) The Company will apply the net proceeds from the sale of the Securities as set forth under "Use of Proceeds" in the Prospectus and any Integrated Prospectus.

(h) The Company will not, directly or indirectly, without the prior written consent of Prudential Securities Incorporated, on behalf of the Underwriters, offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract of sale, pledge, grant of any option to purchase or other sale or disposition) of (i) any securities of the Company that are substantially similar to the Securities or the Underlying Securities, (ii) any securities convertible into, or exchangeable or exercisable for, the Securities or Underlying Securities to any unaffiliated third party for a period commencing on the date hereof and terminating 90 days after the date of the Prospectus or any Integrated Prospectus, except pursuant to this agreement; provided, however, that the Company may issue shares of Common Stock in exchange for Units existing at the date of this Agreement. Prudential Securities Incorporated, at any time and without notice, may release all or any portion of the securities subject to such agreement.

(i) If required as set forth in Schedule 1 hereto, the Company will obtain the agreements described in Section 6(g) hereof prior to the Firm Closing Date.

(j) The Company will not, directly or indirectly, (i) take any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) (A) sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of the Securities or (B) pay or agree to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(k) If at any time during the 25-day period after the Registration Statement becomes effective or the period prior to the Option Closing Date, any rumor, publication or event relating to or affecting the Company shall occur as a result of which in your opinion the market price of the Common Stock has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus or any Integrated Prospectus), the Company will, after written notice from you advising the Company to the effect set forth above, forthwith prepare, consult with you concerning the substance of, and disseminate a press release or other public statement, reasonably satisfactory to you, responding to or commenting on such rumor, publication or event.

(l) If required as set forth in Schedule 1 hereto, the Company will cause the Securities and any Underlying Securities to be duly authorized for listing by the New York Stock Exchange.

(m) The Company will continue to use its best efforts to meet the requirements to qualify as a REIT under the Code.

5. Expenses. The Company will pay all costs and expenses incident to the performance of its obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 10 hereof, including all costs and expenses incident to (i)

the printing or other production of documents with respect to the transactions, including any costs of printing the registration statement originally filed with respect to the Securities and any amendment thereto, any Preliminary Prospectus, the Prospectus and any Integrated Prospectus and any amendment or supplement thereto, this Agreement, the Securities Documents and any blue sky memoranda, (ii) all arrangements relating to the delivery to the Underwriters of copies of the foregoing documents, (iii) the fees and disbursements of counsel, accountants and any other experts or advisors retained by the Company, (iv) preparation, issuance and delivery to the Underwriters of any certificates evidencing the Securities, including the fees and expenses of the transfer agent, exchange agent or registrar, (v) the qualification, if

any, of the Securities and any Underlying Securities under state securities and blue sky laws and real estate syndication laws, including filing fees and fees and disbursements of counsel for the Underwriters relating thereto and relating to the preparation of a blue sky memoranda, (vi) the filing fees of the Commission relating to the Securities, (vii) any listing of the Securities and Underlying Securities on the New York Stock Exchange, (viii) any meetings with prospective investors in the Securities arranged by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters) and (ix) advertising relating to the offering of the Securities requested by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters). If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 of this Agreement is not satisfied, because this Agreement is terminated pursuant to Section 10 of this Agreement or because of any failure, refusal or inability on the part of the Company to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder other than by reason of a default by and of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including counsel fees and disbursements) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities. The Company shall not in any event be liable to any of the Underwriters for the loss of anticipated profits from the transactions covered by this Agreement.

6. Conditions of the Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Firm Securities shall be subject, in the Representatives' sole discretion, to the accuracy of the representations and warranties of the Company contained herein as of the date of this Agreement as specified in Schedule 1 hereto and as of the Firm Closing Date, as if made on and as of the Firm Closing Date, to the accuracy of the statements of the Company's officers made pursuant to the provisions hereof, to the performance by the Company of its covenants and agreements hereunder and to the following additional conditions:

(a) The Prospectus, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto shall have been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act; no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto shall have been issued, and no proceedings for that purpose shall have been instituted or threatened or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission; and the Company shall have complied with any request of the Commission for additional information (to be included in the Registration Statement, the Prospectus or any Integrated Prospectus or otherwise).

(b) The Representatives shall have received an opinion, dated the Firm Closing Date, from Pryor, Cashman, Sherman & Flynn, counsel for the Company, to the effect that:

(i) the Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a whole. Each of the Subsidiaries has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a

whole;

(ii) the Company and each of the Subsidiaries have full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus and each of the Company and the Subsidiaries have full power, corporate or other, to enter into this Agreement and the Securities Documents and to carry out all the terms and provisions hereof and thereof to be carried out by it;

(iii) the issued shares of capital stock of each of the Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the Registration Statement, the Prospectus and any Integrated Prospectus, all of such shares and interests owned by the Company or another Subsidiary are owned beneficially by the Company or such Subsidiary free and clear of any security interest, mortgage, pledge, lien, encumbrance, equity or claim;

(iv) the Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus). All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable;

(v) the Securities have been duly authorized, and when executed and delivered against payment therefor in accordance with the Underwriting Agreement, will be validly issued, fully paid and non-assessable, and the execution and delivery of the Securities (other than any Contract Securities) have been duly authorized by all necessary corporate action, and the Securities have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities by parties other than the Company, are, and any Contract Securities, when executed and delivered in the manner provided in the Securities Documents, will be, the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(vi) the Underlying Securities have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document such securities will be validly issued, fully paid and non-assessable;

(vii) the execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, such agreements are valid and binding instruments of the Company enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(viii) no holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement;

(ix) the statements set forth under the heading "Description of Common Stock", "Description of Preferred Stock" and "Description of Warrants" in the Prospectus and any Integrated Prospectus insofar as such statements purport to summarize certain provisions of the Securities of the Company, provide a fair summary of such

provisions; and the statements set forth under the headings "Restrictions on Ownership of Offered Securities" and "Certain United States Federal Income Tax Considerations to the Company of its REIT Election" in the Prospectus and "Risk Factors", "Certain United States Federal Income Tax Considerations to Holders of Common Stock" and "Underwrit ing", in the

Prospectus Supplement, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, provide a fair summary of such legal matters, documents and proceedings;

(x) the execution and delivery of this Agreement has been duly authorized by all necessary corporate action of the Company and this Agreement has been duly executed and delivered by the Company, and are the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy;

(xi) (A) no legal or governmental proceedings are pending to which the Company, any of the Subsidiaries, or any of their respective directors or officers in their capacity as such, is a party or to which the Properties or any other property of the Company or any of the Subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not described therein, and, to the best knowledge of such counsel, no such proceedings have been threatened against the Company or any of the Subsidiaries or with respect to the Properties or any of their respective other properties and (B) no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus or to be filed as an exhibit to the Registration Statement that is not described therein or filed as required;

(xii) the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement, the compliance by the Company with the other provisions of this Agreement, any Securities Documents and the consummation of the other transactions herein contemplated do not (A) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained and such as may be required under state securities or blue sky laws (as to which such counsel need not opine) or (B) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance

upon any of the Properties or any other properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or the Properties or any other of their respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or (to the best knowledge of such counsel) any arbitrator applicable to the Company or any of the Subsidiaries or any of the Properties;

(xiii) none of the Subsidiaries is currently contractually prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interests, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus;

(xiv) to the best knowledge of such counsel, the Company and the Subsidiaries possess all certificates, authorizations, licenses and permits issued by the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except for such certificates, authorizations, licenses and permits the failure of which to possess would not be expected to result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization, license or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus;

(xv) the Company is not subject to registration as an

investment company under the Investment Company Act of 1940, as amended, and the transactions contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act;

(xvi) neither the Company nor any of the Subsidiaries is in violation of any term or provision of its articles of incorporation, bylaws, partnership agreements

or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement and the Securities Documents the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of the other transactions herein and therein contemplated will not result in any default, in the due performance and observance of any term, covenant or condition of any indenture, mortgage or deed of trust, or any material lease or other agreement or instrument known to such counsel after due inquiry to which the Company or any of the Subsidiaries is a party or by which the Company, any of the Subsidiaries, any of the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, taken as a whole;

(xvii) as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(xviii) the Registration Statement is effective under the Act; the Prospectus or any Term Sheet that constitutes a part thereof and any Integrated Prospectus or the Prospectus Supplement, as the case may be, has been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b); and no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or, to the best knowledge of such counsel, threatened by the Commission; and

(xix) the Registration Statement originally filed with respect to the Securities and each amendment thereto, the Prospectus and any Integrated Prospectus (in each case, including the documents incorporated by reference therein but not including the financial statements and other financial and statistical data contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder.

Such counsel shall also state that they have no reason to believe that the Registration Statement, as of its effective date, contained any untrue statement of a material fact

or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any Integrated Prospectus, as of the date of the Prospectus Supplement or any required Integrated Prospectus and the date of such opinion, included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering any such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Company and public officials and, as to matters involving the application of laws of any jurisdiction other than the States of New York, New Jersey and Delaware or the United States, to the extent satisfactory in form and scope to counsel for the Underwriters, upon the opinion of local counsel. The foregoing opinion shall also state that the Underwriters are justified in relying upon such opinion of local counsel, and copies of such opinion shall be delivered to the Representatives and counsel for the Underwriters.

References to the Registration Statement, the Prospectus and any Integrated Prospectus in this paragraph (b) shall include any amendment or supplement thereto at the date of such opinion.

(c) The Representatives shall have received an opinion, dated the Firm Closing Date, of Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Underwriters, with respect to the issuance and sale of the Securities, the Registration Statement, the Prospectus, and any Integrated Prospectus and such other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(d) The Representatives shall have received from Price Waterhouse LLP and each other accounting firm that has certified financial statements, and delivered its report with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus, a letter or letters dated, respectively, the date of this Agreement as specified in Schedule 1 hereto and the Firm Closing Date, in form and substance satisfactory to the Representatives, to the effect that:

(i) they are independent accountants with respect to the Company and its subsidiaries within the meaning of the Act, the Exchange Act and the applicable published rules and regulations thereunder;

(ii) in their opinion, the financial statements audited by them and incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act, the Exchange Act and the related published rules and regulations thereunder;

(iii) a reading of the minute books of the shareholders, the board of directors and any committees thereof of the Company and each of its consolidated subsidiaries, and inquiries of certain officials of the Company and its consolidated subsidiaries who have responsibility for financial and accounting matters, nothing came to their attention that caused them to believe that:

(A) (i) any unaudited consolidated condensed financial statements of the Company and its consolidated subsidiaries included in the Registration Statement, the Prospectus and any Integrated Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act, the Exchange Act and the related published rules and regulations thereunder, or (ii) any material modification should be made to the unaudited consolidated condensed financial statements for them to be in conformity with generally accepted accounting principles;

(B) at a specific date not more than five business days prior to the date of such letter, there were any changes in the common stock or increase in mortgages and loans payable of the Company and its consoli dated subsidiaries, in each case compared with amounts shown on the most recent consolidated balance sheet included in the Registration Statement, the Prospectus and any Integrated Prospectus, except for such changes set forth in such letter;

(iv) they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information that are derived from the general accounting records of the Company and its consolidated subsidiaries and are included in the Registration Statement, the Prospectus and any Integrated Prospectus and in Exhibit 12 to the Registration Statement, including the information included or incorporated in the Company's most recent Annual Report on Form 10-K under the captions "Business" (Item 1), "Selected Financial Data" (Item 6) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7) and the information included or incorporated in the Company's Quarterly Reports on Form 10-Q under the caption "Management's Discussion and

Analysis of Financial Condition and Results of Operations,"and have compared such amounts, percentages and financial information with such records and with information derived from such records and have found them to be in agreement, excluding any questions of legal interpretation; and

(v) on the basis of a reading of any unaudited pro forma consolidated condensed financial statements included in the Registration Statement, the Prospectus and any Integrated Prospectus, carrying out certain specified procedures that would not necessarily reveal matters of significance with respect to the comments set forth in this paragraph (v), inquiries of certain officials of the Company, its consolidated subsidiaries and any acquired company who have responsibility for financial and accounting matters and proving the arithmetic accuracy of

the application of the pro forma adjustments to the historical amounts in the unaudited pro forma consolidated condensed financial statements, nothing came to their attention that caused them to believe that the unaudited pro forma consolidated condensed financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of such statements.

In the event that the letters referred to above set forth any such changes, decreases or increases, it shall be a further condition to the obligations of the Underwriters that (A) such letters shall be accompanied by a written explanation of the Company as to the significance thereof, unless the Representatives deem such explanation unnecessary, and (B) such changes, decreases or increases do not, in the sole judgment of the Representa tives, make it impractical or inadvisable to proceed with the purchase and delivery of the Securities as contemplated by the Registration Statement.

References to the Registration Statement, the Prospectus and any Integrated Prospectus in this paragraph (d) with respect to either letter referred to above shall include any amendment or supplement thereto at the date of such letter.

(e) The Representatives shall have received a certificate, dated the Firm Closing Date, of the chief executive officer and the chief financial or accounting officer of the Company to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct as if made on and as of the Firm Closing Date; the Registration Statement, as amended as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the

statements therein not misleading, and the Prospectus or any Integrated Prospectus, as amended or supplemented as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Firm Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or threatened or, to the best of the Company's knowledge, are contemplated by the Commission; and

(iii) subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has not been any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), management, business prospects, net worth or results of operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus or any Integrated Prospectus (exclusive of any amendment or supplement thereto).

(f) On or before the Firm Closing Date, the Representatives and counsel for the Underwriters shall have received such further certificates, documents or other information as they may have reasonably requested from the Company.

(g) The Representatives shall have received from each person who is a director or executive officer of the Company an agreement to the effect that such person will not, directly or indirectly, without the prior written consent of Prudential Securities Incorporated, on behalf of the Underwriters, offer, sell, offer to sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose (or announce any offer, sale, offer of sale, contract of sale, pledge, grant of an option to purchase or other sale or disposition) of any shares of Securities or any securities convertible into, or exchangeable or exercisable for, the Securities for a period of 90 days after the date of this Agreement. Prudential Securities Incorporated, at any time and without notice, may release all or any portion of the securities subject to such agreements.

(h) If applicable, prior to the commencement of the offering of the Securities, the Securities and any Underlying Securities shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

All opinions, certificates, letters and documents delivered pursuant to this Agreement will comply with the provisions hereof only if they are reasonably satisfactory in all material respects to the Representatives and counsel for the Underwriters. The Company shall furnish to the Representatives such conformed copies of such opinions, certificates, letters and documents in such quantities as the Representatives and counsel for the Underwriters shall reasonably request.

The respective obligations of the several Underwriters to purchase and pay for any Option Securities shall be subject, in their discretion, to each of the foregoing conditions to purchase the Firm Securities, except that all references to the Firm Securities and the Firm Closing Date shall be deemed to refer to such Option Securities and the related Option Closing Date, respectively.

7. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which such Underwriter or such controlling person may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement made by the Company in Section 2 of this Agreement,

(ii) any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement or any amendment thereto or any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto or (B) any application or other document, or any amendment or supplement thereto, executed by the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Securities under the securities or blue sky laws thereof or filed with the Commission or any securities association or securities exchange (each an "Application"),

(iii) the omission or alleged omission to state in the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application a

material fact required to be stated therein or necessary to make the statements therein not misleading or

(iv) any untrue statement or alleged untrue statement of any material fact contained in any audio or visual materials used in connection with the marketing of the Securities, including, without limitation, slides, videos, films and tape recordings,

and will reimburse, as incurred, each Underwriter and each such controlling person for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein. This indemnity agreement will be in addition to any liability which the Company may otherwise have. The Company will not, without the prior written consent of the Underwriter or Underwriters purchasing, in the aggregate, more than 50% of the Firm Securities, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any such Underwriter or any person who controls any such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of all of the Underwriters and such

controlling persons from all liability arising out of such claim, action, suit or proceeding.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company or any such director, officer or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application or (ii) the omission or the alleged

omission to state therein a material fact required to be stated in the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein; and, subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses reasonably incurred by the Company or any such director, officer or controlling person in connection with investigating or defending any such loss, claim, damage, liability or any action in respect thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 7. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Representatives in the case of paragraph

(a) of this Section 7, representing the indemnified parties under such paragraph (a) who are parties to such action or actions) or (ii) the indemnifying party does not promptly retain counsel satisfactory to the indemnified party or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the consent of the indemnifying party.

(d) In circumstances in which the indemnity agreement provided

for in the preceding paragraphs of this Section 7 is unavailable or insufficient, for any reason, to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the offering of the Securities or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the parties' relative intents, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable considerations appropriate in the circumstances. The Company and the Underwriters agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to above in this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Underwriter shall be obligated to make contributions hereunder that in the aggregate exceed the total public offering price of the Securities purchased by such Underwriter under this Agreement, less the aggregate amount of any damages that such Underwriter has otherwise been required to pay in respect of the same or any substantially similar claim, and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution

from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute hereunder are several in proportion to their respective underwriting obligations and not joint, and contributions among Underwriters shall be governed by the provisions of the Prudential Securities Incorporated Master Agreement Among Underwriters. For purposes of this paragraph (d), each person, if any, who controls an Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement as amended at the date of this Agreement as specified in Schedule 1 hereto and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company.

8. Default of Underwriters. If one or more Underwriters default in their obligations to purchase Firm Securities or Option Securities hereunder and the aggregate number of such Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase is ten percent or less of the aggregate number of Firm Securities or Option Securities to be purchased by all of the Underwriters at such time hereunder, the other Underwriters may make arrangements satisfactory to the Representatives for the purchase of such Securities by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives), but if no such arrangements are made by the Firm Closing Date or the related Option Closing Date, as the case may be, the other Underwriters shall be obligated severally in proportion to their respective commitments hereunder to purchase the Firm Securities or Option Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase. If one or more Underwriters so default with respect to an aggregate number of Securities that is more than ten percent of the aggregate number of Firm Securities or Option Securities, as the case may be, to be purchased by all of the Underwriters at such time hereunder, and if arrangements satisfactory to the Representatives are not made within 36 hours after such default for the purchase by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives) of the Securities with respect to which such default occurs, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company other than as provided in Section 9 hereof. In the event of any default by one or more Underwriters as described in this Section 8, the Representatives shall have the right to postpone the Firm Closing Date or the Option Closing Date, as the case may be, established as provided in Section 3 of this Agreement for not more than seven business days in order that any necessary changes may be made in the arrangements or documents for the purchase and delivery of the Firm Securities or Option Securities, as the case may be. As used in this Agreement, the term

"Underwriter" includes any person substituted for an Underwriter under this Section 8. Nothing herein shall relieve any defaulting Underwriter from liability for its default.

9. Survival. The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company, its officers and the several Underwriters set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company, any of its officers or directors, any Underwriter or any controlling person referred to in Section 7 hereof and (ii) delivery of and payment for the Securities. The respective agreements, covenants, indemnities and other statements set forth in Sections 5 and 7 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

10. Termination. (a) This Agreement may be terminated with respect to the Firm Securities or any Option Securities in the sole discretion of the Representatives by notice to the Company given prior to the Firm Closing Date or the related Option Closing Date, respectively, in the event that the Company shall have failed, refused or been unable to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder at or prior thereto or, if at or prior to the Firm Closing Date or such Option Closing Date, respectively,

(i) the Company or any of the Subsidiaries shall have, in the sole judgment of the Representatives, sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding or there shall have been any material adverse change, or any development involving a prospective material adverse change (including without limitation a change in management or control of the Company, which includes the termination of the employment of Thomas A. Rizk), in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto);

(ii) trading in the Common Stock shall have been suspended by the Commission or the New York Stock Exchange or trading in securities generally on the New York Stock Exchange shall have been suspended or minimum or maximum prices shall have been established on such exchange;

(iii) there shall have been any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with

positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating);

(iv) a banking moratorium shall have been declared by New York or United States authorities; or

(v) there shall have been (A) an outbreak or escalation of hostilities between the United States and any foreign power, (B) an outbreak or escalation of any other insurrection or armed conflict involving the United States or (C) any other calamity or crisis or material adverse change in general economic, political or financial conditions having an effect on the U.S. financial markets that, in the sole judgment of the Representatives, makes it impractical or inadvisable to proceed with the public offering or the delivery of the Securities as contemplated by the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto

(b) Termination of this Agreement pursuant to this Section 10 shall be without liability of any party to any other party except as provided in Section 9 hereof.

11. Information Supplied by Underwriters. The statements set forth in the last paragraph on the front cover page of the Prospectus Supplement and under the heading "Underwriting" in the Prospectus Supplement (to the extent such statements relate to the Underwriters) constitute the only information furnished by any Underwriter through the Representatives to the Company for the purposes of Sections 2(b) and 7(b) hereof. The Underwriters confirm that such

statements (to such extent) are correct.

12. Notices. All communications hereunder shall be in writing and, if sent to any of the Underwriters, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to Prudential Securities Incorporated, One New York Plaza, New York, New York 10292, Attention: Equity Transactions Group; and if sent to the Company, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to the Company at 11 Commerce Drive, Cranford, New Jersey, 07016, Attention: Thomas A. Rizk.

13. Successors. This Agreement shall inure to the benefit of and shall be binding upon the several Underwriters, the Company and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that (i) the indemnities of the Company

contained in Section 7 of this Agreement shall also be for the benefit of any person or persons who control any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and (ii) the indemnities of the Underwriters contained in Section 7 of this Agreement shall also be for the benefit of the directors of the Company, the officers of the Company who have signed the Registration Statement as amended at the date of this Agreement as specified in Schedule 1 hereto and any person or persons who control the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act. No purchaser of Securities from any Underwriter shall be deemed a successor because of such purchase.

14. Applicable Law. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT, AND THE TERMS AND CONDITIONS SET FORTH HEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY PROVISIONS RELATING TO CONFLICTS OF LAWS.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter shall constitute an agreement binding the Company and each of the several Underwriters.

Very truly yours,

MACK-CALI REALTY CORPORATION

By: /s/ Thomas A. Rizk

Name: Thomas A. Rizk
Title: Chief Executive Officer

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

By: PRUDENTIAL SECURITIES INCORPORATED

By: /s/ Jean-Claude Canfin

Name: Jean-Claude Canfin
Title: Managing Director

SCHEDULE 1

DESCRIPTION OF SECURITIES; TERMS OF OFFERING

1. Registration Statement:

File No. 333-19101

2. Date of Underwriting Agreement:

February 19, 1998

3. Underwriters:

Prudential Securities Incorporated

4. Title of Securities:

Common Stock, par value $.01 per share

5. Aggregate Number of Firm Securities:

Common Stock, par value $.01 per share: 2,500,000 million shares

6. Aggregate Number of Option Securities:

Common Stock, par value $.01 per share: 375,000 shares

7. Price to Public:

Common Stock, par value $.01 per share: 38.50 per share

8. Purchase Price by Underwriters:

Common Stock, par value $.01 per share: 36.96 per share

9. Specified Funds for Payment of Purchase Price:

Wire Transfer of Same Day Funds

10. Terms of Securities:

Preferred Stock: N/A

Warrants: N/A

Other Provisions: N/A

11. Lock-up Requirements:

As set forth in Sections 4(h) and 6(g) of this Agreement.

12. Delivery of Securities:

Firm Securities:
Prudential Securities Incorporated, One New York Plaza, New York, New York
on or about February 25, 1998

Option Securities:
Prudential Securities Incorporated, One New York Plaza, New York, New York
no later than March 27, 1998, if option exercised

13. Pre-Closing Location:

Pryor, Cashman, Sherman, & Flynn, 410 Park Avenue, New York, New York on
February 24, 1998

14. Closing Location:

Pryor, Cashman, Sherman, & Flynn, 410 Park Avenue, New York, New York on
February 25, 1998

15. Miscellaneous:

SCHEDULE 2

UNDERWRITERS

Underwriter	Number of Firm Shares to be Purchased
Prudential Securities Incorporated	2,500,000
Total	2,500,000

MACK-CALI REALTY CORPORATION

UNDERWRITING AGREEMENT

March 24, 1998

To the Representatives named in Schedule 1 hereto of the
several Underwriters named in Schedule 2 hereto

Ladies and Gentlemen:

Mack-Cali Realty Corporation, a Maryland corporation qualified as a real estate investment trust (the "Company"), hereby confirms its agreement with the several underwriters named in Schedule 2 hereto (the "Underwriters"), for whom you have been duly authorized to act as representatives (in such capacities, the "Representatives"), as set forth below. If you are the only Underwriters, all references herein to the Representatives shall be deemed to be to the Underwriters.

1. Securities. Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the several Underwriters certain securities of the Company identified in Schedule 1 hereto (the "Firm Securities"). The Company also proposes to issue and sell to the several Underwriters the additional securities identified in Schedule 1 if requested by the Representatives as provided in Section 3 of this Agreement. Any and all shares of such additional securities to be purchased by the several Underwriters pursuant to such option are referred to herein as the "Option Securities," and the Firm Securities and any Option Securities are collectively referred to herein as the "Securities."

2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, each of the several Underwriters that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933, as amended (the "Act"). A registration statement (the file number of which is set forth in Schedule 1 hereto) on such Form with respect to the Securities,

including a basic prospectus, has been filed by the Company with the Securities and Exchange Commission (the "Commission") under the Act, and one or more amendments to such registration statement may also have been so filed. Such registration statement, as so amended, has been declared by the Commission to be effective under the Act. Such registration statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, meets the requirements set forth in Rule 415(a)(1)(x) under the Act and complies in all other material respects with said Rule. The Company will next file with the Commission either (A) if the Company relies on Rule 434 under the Act, a Term Sheet (as hereinafter defined) relating to the Securities, that shall identify the Preliminary Prospectus (as hereinafter defined) that it supplements and, if required to be filed pursuant to Rules 434(c)(2) and 424(b), an Integrated Prospectus (as hereinafter defined), in either case, containing such information as is required or permitted by Rules 434, 430A, and 424(b) under the Act or (B) if the Company does not rely on Rule 434 under the Act, pursuant to Rule 424(b) under the Act a final prospectus supplement to the basic prospectus included in such registration statement, as so amended, describing the Securities and the offering thereof, in such form as has been provided to, or discussed with, and approved by the Representatives as provided in section 4(a) of this Agreement. As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was declared effective, including (i) all financial schedules and exhibits thereto, (ii) all documents incorporated by reference or deemed to be incorporated by reference therein and (iii) any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined) or, if required to be filed pursuant to Rules 434(c)(2) and 424(b), in the Integrated Prospectus; the term "Basic Prospectus" means the prospectus included in the Registration Statement; the term "Preliminary Prospectus" means any preliminary form of the Prospectus (as defined herein) specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 of the Rules and Regulations; the term "Prospectus Supplement" means any prospectus supplement specifically relating to the Securities, in the form first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Securities Act; the term "Prospectus" means: (A) if the Company relies on Rule 434 under the Act, the Term Sheet relating to the Securities that is first filed pursuant to Rule 424(b)(7) under the Act, together with the Preliminary Prospectus identified therein that such Term Sheet supplements; (B) if the Company does not rely on Rule 434 under the Act, the Preliminary Prospectus; or (C) if the Company does not rely on Rule 434 under the Act and if no prospectus is required to be filed pursuant to Rule 424 under the Act, the Basic Prospectus, including, in each case, the Prospectus Supplement; "Basic Prospectus," "Prospectus," "Preliminary Prospectus" and "Prospectus Supplement" shall include in each case the documents, if any, filed by the Company with the Commission pursuant to the United States Securities Exchange Act of 1934, as

amended (the "Exchange Act"), and incorporated by reference therein; the term "Integrated Prospectus" means a prospectus first filed with the

Commission pursuant to Rules 434(c)(2) and 424(b) under the Act; and the term "Term Sheet" means any abbreviated term sheet that satisfies the requirements of Rule 434 under the Act. Any reference in this Agreement to an "amendment" or "supplement" to any Preliminary Prospectus, the Prospectus, or any Integrated Prospectus or an "amendment" to any registration statement (including the Registration Statement) shall be deemed to include any document incorporated by reference therein that is filed with the Commission under the Exchange Act after the date of such Preliminary Prospectus, Prospectus, Integrated Prospectus or registration statement, as the case may be. For purposes of the preceding sentence, any reference to the "effective date" of an amendment to a registration statement shall, if such amendment is effected by means of the filing with the Commission under the Exchange Act of a document incorporated by reference in such registration statement, be deemed to refer to the date on which such document was so filed with the Commission; any reference herein to the "date" of a Prospectus that includes a Term Sheet shall mean the date of such Term Sheet.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus. When any Preliminary Prospectus was filed with the Commission it (i) contained all statements required to be stated therein in accordance with, and complied in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. When the Registration Statement or any amendment thereto was or is declared effective, it (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act, the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading. When the Prospectus or any Term Sheet that is a part thereof or any Integrated Prospectus or any amendment or supplement to the Prospectus is filed with the Commission pursuant to Rule 424(b), on the date when the Prospectus is otherwise amended or supplemented and on the Firm Closing Date and any Option Closing Date (both as hereinafter defined), each of the Prospectus and, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus, as amended or supplemented at any such time, (i) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder and (ii) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing provisions of this paragraph (b) do not apply to

statements or omissions made in any Preliminary Prospectus or any amendment or supplement thereto, the Registration Statement or any amendment thereto, the Prospectus or, if required to be filed pursuant to Rules 434(c)(2) and 424(b) under the Act, the Integrated Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein.

(c) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole.

(d) Each of the subsidiaries of the Company (the "Subsidiaries") has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole. The issued shares of capital stock of each of the Subsidiaries that is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the

Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), all of such shares and interests in the Subsidiaries owned by the Company are owned beneficially by the Company or another Subsidiary free and clear of any security interests, mortgages, pledges, grants, liens, encumbrances, equities or claims.

(e) There are no outstanding (A) securities or obligations of the Company or any of the Subsidiaries convertible into or exchangeable for any capital stock of the Company or any Subsidiary, (B) warrants, rights or options to subscribe for or purchase from the Company or any Subsidiary any such capital stock or any such convertible or exchangeable securities or obligations, or (C) obligations of the Company or any such Subsidiary to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(f) The Company and each of the Subsidiaries has full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus); and the Company has full power, corporate or other, to enter into this Agreement and any other agreement pursuant to which the Securities are issued as specified in Schedule 1 to this Agreement (the "Securities Documents") and to carry out all the terms and provisions hereof and thereof to be carried out by it.

(g) The Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus). All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable.

(h) The Securities have been duly authorized, and, when such securities are issued and delivered as contemplated by the terms of this Agreement and the applicable Securities Document such securities will be validly issued, fully paid and non-assessable.

(i) The execution and delivery of the Securities have been duly authorized by all necessary corporate action, and, at the Firm Closing Date or the related Option Closing Date (as the case may be), the Securities will have been duly executed and delivered by the Company, and if applicable, assuming due authorization, execution and delivery of the Securities by parties other than the Company, will be the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(j) The securities of the Company issuable in exchange for or upon conversion of the Securities as specified in Schedule 1 to this Agreement (the "Underlying Securities") have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document, such securities will be validly issued, fully paid and non-assessable.

(g) The execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and, at the Firm Closing

Date or the related Option Closing Date (as the case may be), such agreements will have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, and, if required, such Securities Documents have been filed with the Secretary of State of the State of Maryland or any other applicable jurisdiction, and such agreements will constitute valid and binding instruments of the Company enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity.

(k) No holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of

the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement.

(l) The Securities and Underlying Securities conform to their description contained in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(m) The combined financial statements and schedules of the Company and the Cali Group (as defined in the Registration Statement) and the consolidated financial statements and schedules of the Company and its consolidated subsidiaries included in or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) fairly present the combined financial position of the Company and the Cali Group and fairly present the consolidated financial position of the Company and its consolidated subsidiaries, as the case may be, and the results of operations and changes in financial condition as of the dates and periods therein specified. Such combined and consolidated financial statements and schedules have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise noted therein).

(n) The selected financial data set forth under the caption "Selected Financial Data" in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus)

fairly present, on the basis stated in the Prospectus and any Integrated Prospectus (or such Preliminary Prospectus) and such Annual Report, the information included therein. The pro forma financial statements and other pro forma financial information included in or incorporated therein in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) comply in all material respects with the applicable requirements of Rule 11-02 of Regulation S-X of the Commission and the pro forma adjustments have been properly applied to the historical amounts in the compilation of such statements and the assumptions used in the preparation thereof are, in the opinion of the Company, reasonable.

(o) Price Waterhouse LLP, which has certified certain financial statements of the Company and its consolidated subsidiaries and of the Cali Group and delivered its reports with respect to the audited consolidated financial statements and schedules, and any other accounting firm that has certified financial statements and delivered its reports with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), are independent public accountants as required by the Act, the Exchange Act and the respective rules and regulations thereunder.

(p) The execution and delivery of this Agreement has been duly authorized by the Company and this Agreement has been duly executed and delivered by the Company, and is the valid and binding agreement of the Company enforceable against the Company in accordance with the terms hereof, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy.

(q) No legal or governmental proceedings are pending to which the Company or any of the Subsidiaries or to which the property of the Company or any of the Subsidiaries is subject, that are required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) and are not described therein, and no such proceedings have been threatened against the Company or any of the Subsidiaries; and no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or to be filed as an exhibit to the Registration Statement that is not described therein or filed as

required.

(r) The issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement and the Securities

Documents, the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of the other transactions herein and therein contemplated do not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained, such as may be required under state securities or blue sky laws and, if the registration statement filed with respect to the Securities (as amended) is not effective under the Act as of the time of execution hereof, such as may be required (and shall be obtained as provided in this Agreement) under the Act, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or any other of their respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to the Company or any of the Subsidiaries or any of their properties.

(s) The Company has not, directly or indirectly, (i) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Securities or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(t) Subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus), (1) neither the Company nor any of the Subsidiaries has incurred any material liability or obligation, direct or contingent, or entered into any material transaction, which is not in the ordinary course of business; (2) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; and (3) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company or the Subsidiaries, except in each

case as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(u) The Company or the Subsidiaries have good and indefeasible title in fee simple to all of the Properties (as defined in the Prospectus) and marketable title to all other property owned by each of them, in each case free and clear of any security interest, lien, mortgage, pledge, encumbrance, equity, claim and other defect, except liens which do not materially and adversely affect the value of such property and will not interfere with the use made or proposed to be made of such property by the Company or such Subsidiary, and any and all real property and buildings held under lease by the Company or any such Subsidiary are held under valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company or such Subsidiary, in each case except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(v) No labor dispute with the employees of the Company or any of the Subsidiaries exists or is threatened or imminent that could result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(w) The Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all material patents, trademarks, service marks, trade names, licenses, copyrights and proprietary and other confidential information currently employed by them in connection with their respective businesses, and neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of any third party with respect to the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in

existence, the most recent Preliminary Prospectus).

(x) The Company and each of the Subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they will be engaged; neither the Company nor any of the Subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company

nor any of the Subsidiaries has any reason to believe that any of them will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(y) None of the Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interest, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(z) The Company and each of the Subsidiaries has complied with all laws, regulations and orders applicable to it or its respective business and properties except where the failure to so comply would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; the Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except where the failure to possess the same would not result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(aa) The Company will conduct its operations in a manner that will not subject it to registration as an investment company under the Investment Company Act of 1940, as amended, and the transactions contemplated by this Agreement will not cause the

Company to become an investment company subject to registration under such Act.

(ab) The Company and each of the Subsidiaries has filed all foreign, federal, state and local tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not have a material adverse effect on the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ac) The Company is organized in conformity with the requirements for qualification as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and the present and contemplated method of operation of the Company and the Subsidiaries does and will enable the Company to meet the requirements for taxation as a REIT under the Code.

(ad) Neither the Company nor any of the Subsidiaries is in violation of any federal or state law or regulation relating to occupational safety and health and the Company and the Subsidiaries have received all

permits, licenses or other approvals required of them under applicable federal and state occupational safety and health and environmental laws and regulations to conduct their respective businesses, and the Company and each of the Subsidiaries is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate result in a material adverse change in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(ae) Except for the shares of capital stock of each of the Subsidiaries owned by the Company or another Subsidiary, neither the Company nor any of the Subsidiaries owns any shares of stock or any other equity securities of any corporation or has any equity interest in any firm, partnership, association or other entity, except as described in or contemplated by the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus).

(af) The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management's general or specific authorizations; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(ag) Neither the Company nor any of the Subsidiaries is in violation of any term or provision of its Articles of Incorporation, By-laws, partnership agreements or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the consummation of the transactions by this Agreement and under the Securities Documents will not result in any default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company, the Subsidiaries or the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole.

(ah) If required as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

(ai) (A) Neither the Company nor any Subsidiary knows of any violation of any municipal, state or federal law, rule or regulation (including those pertaining to environmental matters) concerning the Properties or any part thereof which would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (B) each of the Properties complies with all applicable zoning laws, ordinances, regulations and deed restrictions or other covenants in all material respects and, if and to the extent there is a failure to comply, such failure does not materially impair the value of any of the Properties and will not result in a forfeiture or reversion of title; (C) neither the Company nor any Subsidiary has received from any governmental authority any written notice of any condemnation of or zoning change affecting the Properties or any part thereof, and neither the Company nor any Subsidiary knows of any such condemnation or zoning change which is threatened and which

if consummated would have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; (D) all liens, charges, encumbrances, claims, or restrictions on or affecting the properties and assets (including the Properties) of the Company or any of the Subsidiaries that are required to be described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) are disclosed therein; (E) no lessee of any portion of any of the Properties is in default under any of the leases governing such properties and there is no event which, but for the passage of time or the giving of notice or both would constitute a default under any of such leases,

except such defaults that would not have a material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole; and (F) except as provided by law no tenant under any lease pursuant to which the Company or any of the Subsidiaries leases the Properties will have an option or right of first refusal to purchase the premises leased thereunder or the building of which such premises are a part.

(aj) Except as otherwise disclosed in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or in the Phase I Environmental Audits prepared by Environmental Waste Management Associates, Inc. previously delivered to the Representatives (the "Audits"), (i) neither the Company, any of the Subsidiaries nor, to the best knowledge of the Company, any other owners of the property at any time or any other party has at any time, handled, stored, treated, transported, manufactured, spilled, leaked, or discharged, dumped, transferred or otherwise disposed of or dealt with, Hazardous Materials (as hereinafter defined) on, to or from the Properties, other than by any such action taken in compliance with all applicable Environmental Statutes or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (ii) the Company does not intend to use the Properties or any subsequently acquired properties for the purpose of handling, storing, treating, transporting, manufacturing, spilling, leaking, discharging, dumping, transferring or otherwise disposing of or dealing with Hazardous Materials other than by any such action taken in compliance with all applicable Environmental Statues or by the Company, any of the Subsidiaries or any other party in connection with the ordinary use of residential, retail or commercial properties owned by the Company; (iii) neither the Company nor any of the Subsidiaries knows of any seepage, leak, discharge, release, emission, spill, or dumping of Hazardous Materials into waters on or adjacent to the Properties or any other real property owned or occupied by any such party, or onto lands from which Hazardous Materials might seep, flow or drain into such waters; (iv) neither the Company nor any of the Subsidiaries has received any notice of, or has any knowledge of any occurrence or circumstance which, with notice or passage of time or both,

would give rise to a claim under or pursuant to any federal, state or local environmental statute or regulation or under common law, pertaining to Hazardous Materials on or originating from any of the Properties or any assets described in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus) or any other real property owned or occupied by any such party or arising out of the conduct of any such party, including without limitation a claim under or pursuant to any Environmental Statute (hereinafter defined); (v) neither the Properties nor any other land owned by the Company or any of the Subsidiaries is included or, to the best of the Company's knowledge, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as hereinafter defined) by the United States Environmental Protection Agency (the "EPA") or, to the best of the Company's knowledge, proposed for inclusion on any similar list or inventory issued pursuant to any other Environmental Statute or issued by any other Governmental Authority (as hereinafter defined).

As used herein, "Hazardous Material" shall include, without limitation any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, toxic substances, or related materials, asbestos or any hazardous material as defined by any federal, state or local environmental law, ordinance, rule or regulation including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. ss.ss. 9601-9675 ("CERCLA"), the Hazardous Materials Transportation Act, as amended, 49 U.S.C. ss.ss. 1801-1819, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. ss.ss. 6901-6992K, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. ss.ss. 11001-11050, the Toxic Substances Control Act, 15 U.S.C. ss.ss. 2601-2671, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. ss.ss. 136-136y, the Clean Air Act, 42 U.S.C. ss.ss. 7401-7642, the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. ss.ss. 1251-1387, the Safe Drinking Water Act, 42 U.S.C. ss.ss. 300f-300j-26, and the Occupational Safety and Health Act, 29 U.S.C. ss.ss. 651-678, as any of the above statutes may be amended from time to time, and in the regulations promulgated pursuant to each of the foregoing (individually, an "Environmental Statute") or by any federal, state or local governmental authority having or claiming jurisdiction over the properties and assets described in the Prospectus (a "Governmental Authority").

(ak) Each certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

(al) The Company has not distributed and, prior to the later of (i) the Closing Date and (ii) the completion of the distribution of the Securities, will not distribute any material in connection with the offering and

sale of the Securities other than the

Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or other materials, if any, permitted by the Act.

3. Purchase, Sale and Delivery of the Securities.

(a) On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company, at the purchase price specified in Schedule 1 hereto, the number of Firm Securities set forth opposite the name of such Underwriter in Schedule 2 hereto. One or more certificates in definitive form for the Firm Securities that the several Underwriters have agreed to purchase hereunder, and in such denomination or denominations and registered in such name or names as the Representatives request upon notice to the Company at least 48 hours prior to the Firm Closing Date, shall be delivered by or on behalf of the Company to the Representatives for the respective accounts of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor to the Company in such funds as are specified in Schedule 1 hereto. Such delivery of and payment for the Firm Securities shall be made at the date, time and place identified in Schedule 1 hereto, or at such other date, time or place as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 8 hereof, such date and time of delivery against payment being herein referred to as the "Firm Closing Date". The Company will make such certificate or certificates for the Firm Securities available for checking and packaging by the Representatives at the offices in New York, New York of the Company's transfer agent or registrar or warrant agent or of Wheat First Securities, Inc. at least 24 hours prior to the Firm Closing Date.

(b) For the purpose of covering any over-allotments in connection with the distribution and sale of the Firm Securities as contemplated by the Prospectus and any Integrated Prospectus, the Company hereby grants to the several Underwriters an option to purchase, severally and not jointly, the Option Securities. The purchase price to be paid for any Option Securities shall be the same price per share as the price per share for the Firm Securities set forth in Schedule 1 to this Agreement, plus, if the purchase and sale of any Option Securities takes place after the Firm Closing Date and after the Firm Securities are trading "ex-dividend", an amount equal to the dividends payable on such Option Securities. The option granted hereby may be exercised as to all or any part of the Option Securities from time to time within thirty days after the date of the Prospectus or any Integrated Prospectus (or, if such 30th day shall be a Saturday or Sunday or a holiday, on the next business day thereafter when the New York Stock Exchange is open for trading). The Underwriters shall

not be under any obligation to purchase any of the Option Securities prior to the exercise of such option. The Representatives may from time to time exercise the option granted hereby by giving notice in writing or by telephone (confirmed in writing) to the Company setting forth the aggregate number of Option Securities as to which the several Underwriters are then exercising the option and the date and time for delivery of and payment for such Option Securities. Any such date of delivery shall be determined by the Representatives but shall not be earlier than two business days or later than five business days after such exercise of the option and, in any event, shall not be earlier than the Firm Closing Date. The time and date set forth in such notice, or such other time on such other date as the Representatives and the Company may agree upon or as the Representatives may determine pursuant to Section 9 hereof, is herein called the "Option Closing Date" with respect to such Option Securities. Upon exercise of the option as provided herein, the Company shall become obligated to sell to each of the several Underwriters, and, subject to the terms and conditions herein set forth, each of the Underwriters (severally and not jointly) shall become obligated to purchase from the Company the same percentage of the total number of the Option Securities as to which the several Underwriters are then exercising the option as such Underwriter is obligated to purchase of the aggregate number of Firm Securities, as adjusted by the Representatives in such manner as they deem advisable to avoid fractional shares. If the option is exercised as to all or any portion of the Option Securities, one or more certificates in definitive form for such Option Securities, and payment therefor, shall be delivered on the related Option Closing Date in the manner, and upon the terms and conditions, set forth in paragraph (a) of this Section 3 and Schedule 1 to this Agreement, except that reference therein to the Firm Securities and the Firm Closing Date shall be deemed, for purposes of this paragraph (b), to refer to such Option Securities and Option Closing Date, respectively.

(c) It is understood that any of you, individually and not as one of the Representatives, may (but shall not be obligated to) make payment on

behalf of any Underwriter or Underwriters for any of the Securities to be purchased by such Underwriter or Underwriters. No such payment shall relieve such Underwriter or Underwriters from any of its or their obligations hereunder.

4. Covenants of the Company. The Company covenants and agrees with each of the Underwriters that:

(a) The Company will file the Prospectus or any Term Sheet that constitutes a part thereof, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act. During any time when a prospectus relating to the Securities is required to be delivered under the Act, the

Company (i) will comply with all requirements imposed upon it by the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder to the extent necessary to permit the continuance of sales of or dealings in the Securities in accordance with the provisions hereof and of the Prospectus and any Integrated Prospectus, as then amended or supplemented, and (ii) will not file with the Commission the Prospectus, Term Sheet, any Integrated Prospectus or any amendment or supplement thereto or any amendment to the Registration Statement of which the Representatives shall not previously have been advised and furnished with a copy for a reasonable period of time prior to the proposed filing and as to which filing the Representatives shall not have given their consent. The Company will prepare and file with the Commission, in accordance with the rules and regulations of the Commission, promptly upon request by the Representatives or counsel for the Underwriters, any amendment to the Registration Statement or amendment or supplement to the Prospectus and any Integrated Prospectus that may be necessary or advisable in connection with the distribution of the Securities by the several Underwriters, and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective by the Commission as promptly as possible. The Company will advise the Representatives, promptly after receiving notice thereof, of the time when any amendment to the Registration Statement has been filed or declared effective or the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been filed and will provide evidence satisfactory to the Representatives of each such filing or effectiveness.

(b) The Company will advise the Representatives, promptly after receiving notice or obtaining knowledge thereof, of (i) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto or any order preventing or suspending the use of any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, (ii) the suspension of the qualification of the Securities for offering or sale in any jurisdiction, (iii) the institution, threatening or contemplation of any proceeding for any such purpose or (iv) any request made by the Commission for amending the Registration Statement, for amending or supplementing any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or for additional information. The Company will use its best efforts to prevent the issuance of any such stop order and, if any such stop order is issued, to obtain the withdrawal thereof as promptly as possible.

(c) If required by applicable law, the Company will arrange for the qualification of the Securities and any Underlying Securities for offering and sale under the securities or blue sky laws of such jurisdictions as the Representatives may designate and will

continue such qualifications in effect for as long as may be necessary to complete the distribution of the Securities and any Underlying Securities; provided, however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

(d) If at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which the Prospectus or any Integrated Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it is necessary at any time to amend or supplement the Prospectus or any Integrated Prospectus to comply with the Act or Exchange Act or the respective rules or regulations of the Commission thereunder, the Company will promptly notify the Representatives thereof and, subject to Section 4(a) of this Agreement, will prepare and file with the Commission, at the Company's expense, an amendment to the Registration Statement or an amendment or supplement to the Prospectus and any Integrated Prospectus that corrects such

statement or omission or effects such compliance.

(e) The Company will, without charge, provide (i) to the Representatives and to counsel for the Underwriters, a conformed copy of the registration statement originally filed with respect to the Securities and any amendment thereto (in each case including exhibits thereto), (ii) to each other Underwriter, a conformed copy of such registration statement and any amendment thereto relating to the Securities (in each case without exhibits thereto) and (iii) so long as a prospectus relating to the Securities is required to be delivered under the Act, as many copies of each Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto as the Representatives may reasonably request; without limiting the application of clause (iii) of this sentence, the Company, not later than (A) 6:00 p.m., New York City time, on the date of determination of the public offering price, if such determination occurred at or prior to 10:00 AM, New York City time, on such date or (B) 12:00 Noon, New York City time, on the business day following the date of determination of the public offering price, if such determination occurred after 10:00 AM, New York City time, on such date, will deliver to the Representatives, without charge, as many copies of the Prospectus or any Integrated Prospectus and any amendment or supplement thereto as the Representatives may reasonably request for purposes of confirming orders that are expected to settle on the Firm Closing Date.

(f) The Company, as soon as practicable, will make generally available to its securityholders and to the Representatives a consolidated earning statement of the Company and its subsidiaries that satisfies the provisions of Section 11(a) of the Act and

Rule 158 thereunder.

(g) The Company will apply the net proceeds from the sale of the Securities as set forth under "Use of Proceeds" in the Prospectus and any Integrated Prospectus.

(h) Reserved.

(i) If required as set forth in Schedule 1 hereto, the Company will obtain the agreements described in Section 6(g) hereof prior to the Firm Closing Date.

(j) The Company will not, directly or indirectly, (i) take any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or (ii) (A) sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of the Securities or (B) pay or agree to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(k) If at any time during the 25-day period after the Registration Statement becomes effective or the period prior to the Option Closing Date, any rumor, publication or event relating to or affecting the Company shall occur as a result of which in your opinion the market price of the Common Stock has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus or any Integrated Prospectus), the Company will, after written notice from you advising the Company to the effect set forth above, forthwith prepare, consult with you concerning the substance of, and disseminate a press release or other public statement, reasonably satisfactory to you, responding to or commenting on such rumor, publication or event.

(l) If required as set forth in Schedule 1 hereto, the Company will cause the Securities and any Underlying Securities to be duly authorized for listing by the New York Stock Exchange.

(m) The Company will continue to use its best efforts to meet the requirements to qualify as a REIT under the Code.

5. Expenses. The Company will pay all costs and expenses incident to the performance of its obligations under this Agreement, whether or not the transactions

contemplated herein are consummated or this Agreement is terminated pursuant to Section 10 hereof, including all costs and expenses incident to (i) the printing or other production of documents with respect to the transactions, including any costs of printing the registration statement originally filed with respect to the Securities and any amendment thereto, any Preliminary Prospectus, the Prospectus and any Integrated Prospectus and any amendment or supplement thereto, this Agreement, the Securities Documents and any blue sky memoranda,

(ii) all arrangements relating to the delivery to the Underwriters of copies of the foregoing documents, (iii) the fees and disbursements of counsel, accountants and any other experts or advisors retained by the Company, (iv) preparation, issuance and delivery to the Underwriters of any certificates evidencing the Securities, including the fees and expenses of the transfer agent, exchange agent or registrar, (v) the qualification, if any, of the Securities and any Underlying Securities under state securities and blue sky laws and real estate syndication laws, including filing fees and fees and disbursements of counsel for the Underwriters relating thereto and relating to the preparation of a blue sky memoranda, (vi) the filing fees of the Commission relating to the Securities, (vii) any listing of the Securities and Underlying Securities on the New York Stock Exchange, (viii) any meetings with prospective investors in the Securities arranged by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters) and (ix) advertising relating to the offering of the Securities requested by the Company (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters). If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 of this Agreement is not satisfied, because this Agreement is terminated pursuant to Section 10 of this Agreement or because of any failure, refusal or inability on the part of the Company to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder other than by reason of a default by and of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including counsel fees and disbursements) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities. The Company shall not in any event be liable to any of the Underwriters for the loss of anticipated profits from the transactions covered by this Agreement.

6. Conditions of the Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Firm Securities shall be subject, in the Representatives' sole discretion, to the accuracy of the representations and warranties of the Company contained herein as of the date of this Agreement as specified in Schedule 1 hereto and as of the Firm Closing Date, as if made on and as of the Firm Closing Date, to the accuracy of the statements of the Company's officers made pursuant to the provisions hereof, to the performance by the Company of its covenants and agreements hereunder and to the following additional conditions:

(a) The Prospectus, any Integrated Prospectus or the Prospectus Supplement, as the case may be, and any amendment or supplement thereto shall have been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act; no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto shall have been issued, and no proceedings for that purpose shall have been instituted or threatened or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission; and the Company shall have complied with any request of the Commission for additional information (to be included in the Registration Statement, the Prospectus or any Integrated Prospectus or otherwise).

(b) The Representatives shall have received an opinion, dated the Firm Closing Date, from Pryor, Cashman, Sherman & Flynn, counsel for the Company, to the effect that:

(i) the Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Maryland and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a whole. Each of the Subsidiaries has been duly organized and is validly existing as a general or limited partnership or corporation in good standing under the laws of the jurisdiction of its organization, and is duly qualified to transact business and is in good standing under the laws of all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and the Subsidiaries, taken as a whole;

(ii) the Company and each of the Subsidiaries have full power, corporate or other, to own or lease their respective properties and conduct their respective businesses as described in the Registration Statement, the Prospectus and any Integrated Prospectus and each of the Company and the Subsidiaries have full power, corporate or other, to enter into this Agreement and the Securities Documents and to carry out all the terms and provisions hereof and thereof to be carried out by it;

(iii) the issued shares of capital stock of each of the Subsidiaries

that is a corporation are duly authorized, validly issued, fully paid and nonassessable, and all of the partnership interests in each Subsidiary that is a partnership are validly issued and fully paid. Except as described in the Registration Statement, the Prospectus and any Integrated Prospectus, all of such shares and interests owned by the Company or another Subsidiary are owned beneficially by the Company or such Subsidiary free and clear of any security interest, mortgage, pledge, lien, encumbrance, equity or claim;

(iv) the Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus and any Integrated Prospectus (or, if the Prospectus and any required Integrated Prospectus are not in existence, the most recent Preliminary Prospectus). All of the capital stock of the Company has been duly authorized and the capital stock of the Company outstanding is validly issued, fully paid and nonassessable;

(v) the Securities have been duly authorized, and when executed and delivered against payment therefor in accordance with the Underwriting Agreement, will be validly issued, fully paid and non-assessable, and the execution and delivery of the Securities (other than any Contract Securities) have been duly authorized by all necessary corporate action, and the Securities have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities by parties other than the Company, are, and any Contract Securities, when executed and delivered in the manner provided in the Securities Documents, will be, the legal, valid, binding and enforceable obligations of the Company, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(vi) the Underlying Securities have been duly authorized and reserved, and, when such securities are issued and delivered as contemplated by the terms of the applicable Securities Document such securities will be validly issued, fully paid and non-assessable;

(vii) the execution and delivery of the Securities Documents has been duly authorized by all necessary corporate action of the Company, and have been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of the Securities Documents by parties other than the Company as specified in the applicable Securities Documents, such agreements are valid and

binding instruments of the Company enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity;

(viii) no holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Securities or Underlying Securities, and no holder of securities of the Company or any Subsidiary has any right which has not been waived to require the Company to register the offer or sale of any securities owned by such holder under the Act in the public offering contemplated by this Agreement;

(ix) the statements set forth under the heading "Description of Common Stock", "Description of Preferred Stock" and "Description of Warrants" in the Prospectus and any Integrated Prospectus insofar as such statements purport to summarize certain provisions of the Securities of the Company, provide a fair summary of such provisions; and the statements set forth under the headings "Restrictions on Ownership of Offered Securities" and "Certain United States Federal Income Tax Considerations to the Company of its REIT Election" in the Prospectus and "Risk Factors", "Certain United States Federal Income Tax Considerations to Holders of Common Stock" and "Underwriting", in the Prospectus Supplement, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, provide a fair summary of such legal matters, documents and proceedings;

(x) the execution and delivery of this Agreement has been duly authorized by all necessary corporate action of the Company and

this Agreement has been duly executed and delivered by the Company, and are the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and similar laws relating to creditors' rights generally and to the application of equitable principles in any proceeding, whether at law or in equity and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy;

(xi) (A) no legal or governmental proceedings are pending to which the Company, any of the Subsidiaries, or any of their respective directors or officers in their capacity as such, is a party or to which the Properties or any other

property of the Company or any of the Subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not described therein, and, to the best knowledge of such counsel, no such proceedings have been threatened against the Company or any of the Subsidiaries or with respect to the Properties or any of their respective other properties and (B) no contract or other document is required to be described in the Registration Statement, the Prospectus or any Integrated Prospectus or to be filed as an exhibit to the Registration Statement that is not described therein or filed as required;

(xii) the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement, the compliance by the Company with the other provisions of this Agreement, any Securities Documents and the consummation of the other transactions herein contemplated do not (A) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained and such as may be required under state securities or blue sky laws (as to which such counsel need not opine) or (B) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Properties or any other properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or the Properties or any other of their respective properties are bound, or the Articles of Incorporation, By-laws or other organizational documents, as the case may be, of the Company or any of the Subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or (to the best knowledge of such counsel) any arbitrator applicable to the Company or any of the Subsidiaries or any of the Properties;

(xiii) none of the Subsidiaries is currently contractually prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or other equity interests, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any of the other Subsidiaries, except as described in the Prospectus and any Integrated Prospectus;

(xiv) to the best knowledge of such counsel, the Company and the Subsidiaries possess all certificates, authorizations, licenses and permits issued by

the appropriate federal, state, municipal or foreign regulatory authorities necessary to conduct their respective businesses except for such certificates, authorizations, licenses and permits the failure of which to possess would not be expected to result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization, license or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a material adverse change in the condition (financial or otherwise), business, prospects, net worth or results of operations of the Company and the Subsidiaries, taken as a whole, except as described in the Prospectus and any Integrated Prospectus;

(xv) the Company is not subject to registration as an investment company under the Investment Company Act of 1940, as amended,

and the transactions contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act;

(xvi) neither the Company nor any of the Subsidiaries is in violation of any term or provision of its articles of incorporation, bylaws, partnership agreements or other organizational documents, as the case may be; no default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default, and the issuance, offering and sale of the Securities to the Underwriters by the Company pursuant to this Agreement and the Securities Documents the compliance by the Company with the other provisions of this Agreement, the Securities and the Securities Documents and the consummation of the other transactions herein and therein contemplated will not result in any default, in the due performance and observance of any term, covenant or condition of any indenture, mortgage or deed of trust, or any material lease or other agreement or instrument known to such counsel after due inquiry to which the Company or any of the Subsidiaries is a party or by which the Company, any of the Subsidiaries, any of the Properties or any of their respective other properties is bound or may be affected except such as would not result in any material adverse effect in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and its subsidiaries, taken as a whole;

(xvii) as set forth in Schedule 1 hereto, the Securities and any Underlying Securities have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(xviii) the Registration Statement is effective under the Act; the Prospectus or any Term Sheet that constitutes a part thereof and any Integrated Prospectus or the Prospectus Supplement, as the case may be, has been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b); and no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus, any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or, to the best knowledge of such counsel, threatened by the Commission; and

(xix) the Registration Statement originally filed with respect to the Securities and each amendment thereto, the Prospectus and any Integrated Prospectus (in each case, including the documents incorporated by reference therein but not including the financial statements and other financial and statistical data contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules and regulations of the Commission thereunder.

Such counsel shall also state that they have no reason to believe that the Registration Statement, as of its effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any Integrated Prospectus, as of the date of the Prospectus Supplement or any required Integrated Prospectus and the date of such opinion, included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering any such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Company and public officials and, as to matters involving the application of laws of any jurisdiction other than the States of New York, New Jersey and Delaware or the United States, to the extent satisfactory in form and scope to counsel for the Underwriters, upon the opinion of local counsel. The foregoing opinion shall also state that the Underwriters are justified in relying upon such opinion of local counsel, and copies of such opinion shall be delivered to the Representatives and counsel for the Underwriters.

References to the Registration Statement, the Prospectus and any Integrated

Prospectus in this paragraph (b) shall include any amendment or supplement thereto at the date of such opinion.

(c) The Representatives shall have received an opinion, dated the Firm Closing Date, of Hunton & Williams, counsel for the Underwriters, with

respect to the issuance and sale of the Securities, the Registration Statement, the Prospectus, and any Integrated Prospectus and such other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(d) The Representatives shall have received from Price Waterhouse LLP and each other accounting firm that has certified financial statements, and delivered its report with respect thereto, included or incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus, a letter or letters dated, respectively, the date of this Agreement as specified in Schedule 1 hereto and the Firm Closing Date, in form and substance satisfactory to the Representatives, to the effect that:

(i) they are independent accountants with respect to the Company and its subsidiaries within the meaning of the Act, the Exchange Act and the applicable published rules and regulations thereunder;

(ii) in their opinion, the financial statements audited by them and incorporated by reference in the Registration Statement, the Prospectus and any Integrated Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act, the Exchange Act and the related published rules and regulations thereunder;

(iii) a reading of the minute books of the shareholders, the board of directors and any committees thereof of the Company and each of its consolidated subsidiaries, and inquiries of certain officials of the Company and its consolidated subsidiaries who have responsibility for financial and accounting matters, nothing came to their attention that caused them to believe that:

(A) (i) any unaudited consolidated condensed financial statements of the Company and its consolidated subsidiaries included in the Registration Statement, the Prospectus and any Integrated Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act, the Exchange Act and the related published rules and regulations thereunder, or (ii) any material

modification should be made to the unaudited consolidated condensed financial statements for them to be in conformity with generally accepted accounting principles;

(B) at a specific date not more than five business days prior to the date of such letter, there were any changes in the common stock or increase in mortgages and loans payable of the Company and its consolidated subsidiaries, in each case compared with amounts shown on the most recent consolidated balance sheet included in the Registration Statement, the Prospectus and any Integrated Prospectus, except for such changes set forth in such letter;

(iv) they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information that are derived from the general accounting records of the Company and its consolidated subsidiaries and are included in the Registration Statement, the Prospectus and any Integrated Prospectus and in Exhibit 12 to the Registration Statement, including the information included or incorporated in the Company's most recent Annual Report on Form 10-K under the captions "Business" (Item 1), "Selected Financial Data" (Item 6) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7) and the information included or incorporated in the Company's Quarterly Reports on Form 10-Q under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and have compared such amounts, percentages and financial information with such records and with information derived from such records and have found them to be in agreement, excluding any questions of legal interpretation; and

(v) on the basis of a reading of any unaudited pro forma consolidated condensed financial statements included in the Registration Statement, the Prospectus and any Integrated Prospectus, carrying out certain specified procedures that would not necessarily reveal matters of significance with respect to the comments set forth in this paragraph (v), inquiries of certain officials of the Company, its consolidated subsidiaries and any acquired company who have responsibility for financial and accounting matters and proving the arithmetic accuracy of the application of the pro forma adjustments to the historical amounts in the unaudited pro forma consolidated condensed financial statements, nothing came to their attention that caused them to believe that the unaudited pro forma consolidated condensed financial statements do not comply in form in all material respects with the applicable accounting

requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have

not been properly applied to the historical amounts in the compilation of such statements.

In the event that the letters referred to above set forth any such changes, decreases or increases, it shall be a further condition to the obligations of the Underwriters that (A) such letters shall be accompanied by a written explanation of the Company as to the significance thereof, unless the Representatives deem such explanation unnecessary, and (B) such changes, decreases or increases do not, in the sole judgment of the Representatives, make it impractical or inadvisable to proceed with the purchase and delivery of the Securities as contemplated by the Registration Statement.

References to the Registration Statement, the Prospectus and any Integrated Prospectus in this paragraph (d) with respect to either letter referred to above shall include any amendment or supplement thereto at the date of such letter.

(e) The Representatives shall have received a certificate, dated the Firm Closing Date, of the chief executive officer and the chief financial or accounting officer of the Company to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct as if made on and as of the Firm Closing Date; the Registration Statement, as amended as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, and the Prospectus or any Integrated Prospectus, as amended or supplemented as of the Firm Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Firm Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto and no order directed at any document incorporated by reference in the Registration Statement, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto has been issued, and no proceedings for that purpose have been instituted or threatened or, to the best of the Company's knowledge, are contemplated by the Commission; and

(iii) subsequent to the respective dates as of which information is given in the Registration Statement, the Prospectus and any Integrated Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has not been any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), management, business prospects, net worth or results of operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus or any Integrated Prospectus (exclusive of any amendment or supplement thereto).

(f) On or before the Firm Closing Date, the Representatives and counsel for the Underwriters shall have received such further certificates, documents or other information as they may have reasonably requested from the Company.

(g) Reserved.

(h) If applicable, prior to the commencement of the offering of the Securities, the Securities and any Underlying Securities shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

All opinions, certificates, letters and documents delivered pursuant to this Agreement will comply with the provisions hereof only if they are reasonably satisfactory in all material respects to the Representatives and counsel for the Underwriters. The Company shall furnish to the Representatives such conformed copies of such opinions, certificates, letters and documents in such quantities as the Representatives and counsel for the Underwriters shall

reasonably request.

The respective obligations of the several Underwriters to purchase and pay for any Option Securities shall be subject, in their discretion, to each of the foregoing conditions to purchase the Firm Securities, except that all references to the Firm Securities and the Firm Closing Date shall be deemed to refer to such Option Securities and the related Option Closing Date, respectively.

7. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which such Underwriter

or such controlling person may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement made by the Company in Section 2 of this Agreement,

(ii) any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement or any amendment thereto or any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto or (B) any application or other document, or any amendment or supplement thereto, executed by the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Securities under the securities or blue sky laws thereof or filed with the Commission or any securities association or securities exchange (each an "Application"),

(iii) the omission or alleged omission to state in the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application a material fact required to be stated therein or necessary to make the statements therein not misleading or

(iv) any untrue statement or alleged untrue statement of any material fact contained in any audio or visual materials used in connection with the marketing of the Securities, including, without limitation, slides, videos, films and tape recordings,

and will reimburse, as incurred, each Underwriter and each such controlling person for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein. This indemnity agreement will be in addition to any liability

which the Company may otherwise have. The Company will not, without the prior written consent of the Underwriter or Underwriters purchasing, in the aggregate, more than 50% of the Firm Securities, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any such Underwriter or any person who controls any such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of all of the Underwriters and such controlling persons from all liability arising out of such claim, action, suit or proceeding.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company or any such director, officer or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or

liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application or (ii) the omission or the alleged omission to state therein a material fact required to be stated in the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto, any Preliminary Prospectus, the Prospectus or any Integrated Prospectus or any amendment or supplement thereto, or any Application or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein; and, subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses reasonably incurred by the Company or any such director, officer or controlling person in connection with investigating or defending any such loss, claim, damage, liability or any action in respect thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party of the commencement thereof; but the omission so to notify the

indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 7. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Representatives in the case of paragraph (a) of this Section 7, representing the indemnified parties under such paragraph (a) who are parties to such action or actions) or (ii) the indemnifying party does not promptly retain counsel satisfactory to the indemnified party or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the consent of the indemnifying party.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 7 is unavailable or insufficient, for any reason, to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the offering of

the Securities or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the

indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the parties' relative intents, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable considerations appropriate in the circumstances. The Company and the Underwriters agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to above in this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Underwriter shall be obligated to make contributions hereunder that in the aggregate exceed the total public offering price of the Securities purchased by such Underwriter under this Agreement, less the aggregate amount of any damages that such Underwriter has otherwise been required to pay in respect of the same or any substantially similar claim, and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute hereunder are several in proportion to their respective underwriting obligations and not joint. For purposes of this paragraph (d), each person, if any, who controls an Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement as amended at the date of this Agreement as specified in Schedule 1 hereto and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company.

8. Default of Underwriters. If one or more Underwriters default in their obligations to purchase Firm Securities or Option Securities hereunder and the aggregate number of such Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase is ten percent or less of the aggregate number of Firm Securities or Option Securities to be purchased by all of the Underwriters at such time hereunder, the other

Underwriters may make arrangements satisfactory to the Representatives for the purchase of such Securities by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives), but if no such arrangements are made by the Firm Closing Date or the related Option Closing Date, as the case may be, the other Underwriters shall be obligated severally in proportion to their respective commitments hereunder to purchase the Firm Securities or Option Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase. If one or more Underwriters so default with respect to an aggregate number of Securities that is more than ten percent of the aggregate number of Firm Securities or Option Securities, as the case may be, to be purchased by all of the Underwriters at such time hereunder, and if arrangements satisfactory to the Representatives are not made within 36 hours after such default for the purchase by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives) of the Securities with respect to which such default occurs, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company other than as provided in Section 9 hereof. In the event of any default by one or more Underwriters as described in this Section 8, the Representatives shall have the right to postpone the Firm Closing Date or the Option Closing Date, as the case may be, established as provided in Section 3 of this Agreement for not more than seven business days in order that any necessary changes may be made in the arrangements or documents for the purchase and delivery of the Firm Securities or Option Securities, as the case may be. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section 8. Nothing herein shall relieve any defaulting Underwriter from liability for its default.

9. Survival. The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company, its officers and the several Underwriters set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company, any of its officers or directors, any Underwriter or any controlling person referred to in Section 7 hereof and (ii) delivery of and payment for the Securities. The respective agreements, covenants, indemnities and other statements set forth in Sections 5 and 7 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

10. Termination. (a) This Agreement may be terminated with respect to the Firm Securities or any Option Securities in the sole discretion of the Representatives by notice to the Company given prior to the Firm Closing Date or the related Option Closing Date, respectively, in the event that the Company shall have failed, refused or been unable to perform all obligations and satisfy all conditions on its part to be performed or satisfied

hereunder at or prior thereto or, if at or prior to the Firm Closing Date or such Option Closing Date, respectively,

(i) the Company or any of the Subsidiaries shall have, in the sole judgment of the Representatives, sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding or there shall have been any material adverse change, or any development involving a prospective material adverse change (including without limitation a change in management or control of the Company, which includes the termination of the employment of Thomas A. Rizk), in the condition (financial or otherwise), business prospects, net worth or results of operations of the Company and the Subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto);

(ii) trading in the Common Stock shall have been suspended by the Commission or the New York Stock Exchange or trading in securities generally on the New York Stock Exchange shall have been suspended or minimum or maximum prices shall have been established on such exchange;

(iii) there shall have been any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating);

(iv) a banking moratorium shall have been declared by New York or United States authorities; or

(v) there shall have been (A) an outbreak or escalation of hostilities between the United States and any foreign power, (B) an outbreak or escalation of any other insurrection or armed conflict involving the United States or (C) any other calamity or crisis or material adverse change in general economic, political or financial conditions having an effect on the U.S. financial markets that, in the sole judgment of the Representatives, makes it impractical or inadvisable to proceed with the public offering or the delivery of the Securities as contemplated by the Registration Statement, as amended at the date of this Agreement as specified in Schedule 1 hereto

(b) Termination of this Agreement pursuant to this Section 10 shall be without liability of any party to any other party except as provided in Section 9 hereof.

11. Information Supplied by Underwriters. The statements set forth in the last paragraph on the front cover page of the Prospectus Supplement and under the heading "Underwriting" in the Prospectus Supplement (to the extent such statements relate to the Underwriters) constitute the only information furnished by any Underwriter through the Representatives to the Company for the purposes of Sections 2(b) and 7(b) hereof. The Underwriters confirm that such statements (to such extent) are correct.

12. Notices. All communications hereunder shall be in writing and, if sent to any of the Underwriters, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to Wheat First Securities, Inc., Riverfront Plaza, West Tower, 901 East Byrd Street, 4th Floor, Richmond, Virginia 23219, Attention: Syndicate; and if sent to the Company, shall be delivered or sent by mail, telex or facsimile transmission and confirmed in writing to the Company at 11 Commerce Drive, Cranford, New Jersey, 07016, Attention: Thomas A. Rizk.

13. Successors. This Agreement shall inure to the benefit of and shall be binding upon the several Underwriters, the Company and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or

any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that (i) the indemnities of the Company contained in Section 7 of this Agreement shall also be for the benefit of any person or persons who control any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and (ii) the indemnities of the Underwriters contained in Section 7 of this Agreement shall also be for the benefit of the directors of the Company, the officers of the Company who have signed the Registration Statement as amended at the date of this Agreement as specified in Schedule 1 hereto and any person or persons who control the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act. No purchaser of Securities from any Underwriter shall be deemed a successor because of such purchase.

14. Applicable Law. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT, AND THE TERMS AND CONDITIONS SET FORTH HEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS

OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY PROVISIONS RELATING TO CONFLICTS OF LAWS.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter shall constitute an agreement binding the Company and each of the several Underwriters.

Very truly yours,

MACK-CALI REALTY CORPORATION

By:

Name:
Title:

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

By: WHEAT FIRST SECURITIES, INC.

By:

Name:
Title:

SCHEDULE 1

DESCRIPTION OF SECURITIES; TERMS OF OFFERING

1. Registration Statement:

File No. 333-19101

2. Date of Underwriting Agreement:

March 24, 1998

3. Underwriters:

Wheat First Securities, Inc.

4. Title of Securities:

Common Stock, par value $.01 per share

5. Aggregate Number of Firm Securities:

650,407 shares of Common Stock, par value $.01 per share

6. Aggregate Number of Option Securities:

None

7. Price to Trust:

Common Stock, par value $.01 per share: $38.4375 per share

8. Purchase Price by Underwriters:

Common Stock, par value $.01 per share: $36.5156 per share

9. Specified Funds for Payment of Purchase Price:

Wire Transfer of Same Day Funds

10. Terms of Securities:

Preferred Stock: N/A

Warrants: N/A

Other Provisions: N/A

11. Lock-up Requirements:

None

12. Delivery of Securities:

Firm Securities:

Wheat First Securities, Inc., Riverfront Plaza, West Tower, 901 East Byrd Street, 4th Floor, Richmond, Virginia 23219, on or about March 27, 1998

Option Securities:

N/A

13. Pre-Closing Location:

N/A

14. Closing Location:

Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, on March 27, 1998

15. Miscellaneous:

SCHEDULE 2

UNDERWRITERS

Underwriter	Number of Firm Shares to be Purchased
Wheat First Securities, Inc.	650,407
Total	650,407

EXHIBIT 23

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.

/s/ Price Waterhouse LLP
- --------------------------
Price Waterhouse LLP
New York, New York
March 27, 1998

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