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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, 1998

/ / 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)

<TABLE>
<S> <C>

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)

</TABLE>

(908) 272-8000

(Registrant's telephone number, including area code)

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

<TABLE>
<S> <C>

(Title of Each Class)	(Name of Each Exchange on Which Registered)
COMMON STOCK, $0.01 PAR VALUE	NEW YORK STOCK EXCHANGE PACIFIC EXCHANGE

</TABLE>

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 con-tained, 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 1, 1999, the aggregate market value of the voting stock held by non-affiliates of the registrant was $1,665,740,874. 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 1, 1999, 58,287,261 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 54.

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 19, 1999 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 (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, as well as commercial real estate leasing, management, acquisition, development and construction businesses. As of December 31, 1998, the Company's portfolio consisted of 249 properties, aggregating approximately 27.8 million square feet, plus developable land. Included in the Company's portfolio are 244 wholly-owned properties aggregating approximately 26.8 million square feet (collectively, the "Properties"). The Properties are comprised of 153 office properties aggregating approximately 22.5 million square feet (the "Office Properties"), 79 office/flex properties aggregating approximately 3.9 million square feet (the "Office/Flex Properties"), six industrial/warehouse properties aggregating approximately 387,400 square feet (the "Industrial/Warehouse Properties"), two multi-family residential complexes consisting of 453 units, two stand-alone retail properties and two land leases. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own four office properties and one office/flex property, aggregating approximately 1.0 million square feet. See "Investments in Unconsolidated Joint Ventures." Unless otherwise indicated, all references to square feet represent net rentable area. As of December 31, 1998, the Office Properties, Office/Flex Properties and Industrial/Warehouse Properties were approximately 96.6 percent leased to over 2,400 tenants. The Company's portfolio is located in 12 states, primarily in the Northeast, plus the District of Columbia.

The Company's strategy has been to focus its acquisition, operation and development of office properties in markets and sub-markets where it is, or can become, a significant and preferred owner and operator. 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 will continue this strategy by expanding, through acquisitions or development in markets and sub-markets where it has, or can achieve, similar status. Consistent with its growth strategy, during 1998, the Company acquired or placed in service 56 office and office/flex properties aggregating approximately 4.9 million square feet, for an aggregate cost of approximately $686.6 million (the

"Property Acquisitions"). In addition, the Company acquired ownership interests in unconsolidated joint ventures which own five office and office/flex properties, totaling approximately 1.0 million square feet, for a net investment of approximately $66.5 million. Management believes that the recent trend towards rising rental and occupancy rates in the Company's sub-markets continues to present significant opportunities for internal growth. The Company also may develop properties in such sub-markets, particularly with a view towards the development of the Company's vacant holdings, which principally are located adjacent to the Company's existing properties. 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, professional management services. See "Business Strategies".

The principals of Cali Associates, the entity to whose business the Company succeeded in 1994, have been involved in the development, leasing, management, operation and disposition of commercial and residential properties in Northern and Central New Jersey for over 50 years and have been primarily focusing on office building development for the past 20 years. In January 1997, the Company acquired 65 Class A properties located in Westchester County, New York and Fairfield County, Connecticut, aggregating approximately 4.1 million square feet from the Robert Martin Company, LLC and affiliates for a total cost of approximately $450.0 million (the "RM Transaction"). In December 1997, the Company acquired 54 Class A office properties, primarily in New Jersey and Texas, 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"). Upon the completion of the Mack Transaction, the Company changed its name from Cali Realty Corporation to Mack-Cali Realty Corporation.

The Company's executive officers have been employed by the Company and/or its predecessor companies for an average of approximately 10 years. The Company and its predecessors have extensive development experience, having developed 11.9 million square feet or 44.4 percent of the Company's portfolio.

As of December 31, 1998, executive officers and directors of the Company owned approximately 10.5 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, development, 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 website at "http://www.mack-cali.com".

BUSINESS STRATEGIES

OPERATIONS

REPUTATION: The Company has established a reputation as a highly-regarded landlord with an emphasis on delivering professional quality tenant services in buildings it owns or manages. The Company believes that its continued success depends in part on enhancing its reputation as an operator of choice, which will facilitate the retention of current tenants and the attraction of new tenants. The Company believes it provides a superior level of service to its tenants, which in turn creates higher than average occupancy rates, as well as lower than average turnover.

COMMUNICATION WITH TENANTS: The Company's property management department emphasizes frequent communication with tenants to ensure first-class service to the Properties. Property managers generally are located on site at the Properties to provide convenient access to management and to ensure that the Properties are well-maintained. Property management's primary responsibility is ensuring that buildings are operated at peak efficiency in order to meet both the Company's and tenants' needs and expectations. The property managers additionally budget and oversee capital improvements and building system upgrades to enhance the Properties' competitive advantages in their markets.

Additionally, the Company's leasing department develops and maintains long-term relationships with its diverse tenant base, and coordinates leasing, expansion, relocation and build-to-suit opportunities within its portfolio. This approach allows the Company to offer office space in the appropriate size and location to current or prospective tenants in any of its sub-markets.

GROWTH

INTERNAL GROWTH: The Company's objectives are to maximize growth in funds from operations and to enhance the value of its portfolio through effective management, acquisition and development strategies. The Company seeks to maximize the value of its existing portfolio through implementing operating strategies to produce increased effective rental and occupancy rates and

decreased concession and tenant installation costs. The Company believes that it has a unique opportunity for internal growth through re-leasing space at higher effective rents with contractual rent increases and developing or redeveloping space for its diverse base of high credit tenants, which include AT&T Corporation, Allstate Insurance Company and International Business Machines Corporation. In addition, the Company's management

seeks volume discounts to take advantage of the Company's size and dominance in particular sub-markets, and operating efficiencies through the use of in-house management, leasing, marketing, financing, accounting, legal and construction functions. The Company believes that these combined factors should provide the Company with sustainable internal growth over the next several years.

EXTERNAL GROWTH: The Company also believes that opportunities exist to increase funds from operations by acquiring or developing 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. The Company will acquire, invest in or develop additional properties that: (i) provide attractive initial yields with significant potential for growth in cash flow from 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 in which the Company can become a significant and preferred owner or operator; and (iv) have been under-managed or are otherwise capable of improved performance through intensive management, capital improvements and/or leasing that will result in increased occupancy and rental revenues.

DEVELOPMENT: In addition, the Company owns 238 acres of land held for development, on which it can build up to approximately 10 million square feet of office space. The Company may selectively develop buildings where such development will result in a favorable risk-adjusted return on investment in coordination with the above operating strategies. Such development will primarily occur only when leases have been executed prior to construction, in stable sub-markets where the demand for such space exceeds available supply and where the Company is, or can become, a significant and preferred owner and operator.

FINANCIAL

The Company currently intends to maintain a ratio of debt to total market capitalization (total debt of the Company as a percentage of the total market value of issued and outstanding shares of Common Stock, including interests redeemable therefor, plus total debt) of approximately 50 percent or less. Although there is no limit in the Company's organizational documents on the amount of indebtedness that the Company may incur, the Company has entered into certain financial agreements which contain covenants that limit the Company's ability to incur indebtedness under certain circumstances. As of December 31, 1998, the Company's total debt constituted approximately 38.5 percent of the total market capitalization of the Company. The Company will utilize the most appropriate sources of capital for future acquisitions, development, capital improvements and other investments, 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, 1998, the Company had over 450 employees.

COMPETITION

The leasing of real estate is highly competitive. The 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 the Properties. The Company also experiences competition when attempting to acquire desirable real estate, including competition from domestic and foreign financial institutions, other REITs, 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.

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 aware. 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

The Company's funds from operations (after adjustment for straight-lining of rents) for the year ended December 31, 1998 was $216.9 million as compared to $111.8 million for the year ended December 31, 1997. As a result of the Company's improved operating performance, the Company announced, in September 1998, a 10 percent increase in its regular quarterly dividend, commencing with the Company's dividend with respect to the third quarter of 1998, from $0.50 per share of Common Stock ($2.00 per share of Common Stock on an annualized basis) to $0.55 per share of Common Stock ($2.20 per share of Common Stock on an annualized basis). The Company declared a cash dividend of $0.55 per share on December 15, 1998 to shareholders of record on January 6, 1999. The dividend was paid on January 26, 1999. The Company has increased its regular quarterly dividend for four consecutive years for an increase of 36.2 percent over the period.

In 1998, the Company:

- acquired 52 operating properties aggregating 4.7 million square feet at a total cost of approximately $663.6 million,

- placed in service four properties aggregating 218,600 square feet at a total cost of approximately $23.0 million,

- acquired seven redevelopment properties/developable land parcels at a total cost of approximately $41.4 million, and

- acquired interests in unconsolidated joint ventures with an investment of approximately $66.5 million at December 31, 1998.

These transactions increased the total square footage of the Company's portfolio by 26.7 percent.

OPERATING PROPERTY ACQUISITIONS

The Company acquired the following operating properties during the year ended December 31, 1998:

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INVESTMENT BY COMPANY(A) ACQUISITION DATE	PROPERTY/PORTFOLIO NAME	LOCATION	# OF BLDGS.	SQUARE FEET	------- (IN THOUSANDS)

OFFICE						
2/05/98	500 West Putnam Avenue(b)	Greenwich, Fairfield County, CT	1	121,250	$	20,125
2/25/98	10 Mountainview Road	Upper Saddle River, Bergen County, NJ	1	192,000		24,754
3/12/98	1250 Capital of Texas Highway South	Austin, Travis County, TX	1	270,703		37,266
3/27/98	Prudential Business Campus(c)	Parsippany, Morris County, NJ	5	703,451		130,437
3/27/98	Pacifica Portfolio--Phase I(d)(e)	Denver & Colorado Springs, CO	10	620,017		74,966
3/30/98	Morris County Financial Center	Parsippany, Morris County, NJ	2	301,940		52,763
5/13/98	3600 South Yosemite	Denver, Denver County, CO	1	133,743		13,555
5/22/98	500 College Road East(f)	Princeton, Mercer County, NJ	1	158,235		21,334
6/01/98	1709 New York Ave./ 1400 L Street N.W.	Washington, D.C.	2	325,000		90,385
6/03/98	400 South Colorado Boulevard	Denver, Denver County, CO	1	125,415		12,147
6/08/98	Pacifica Portfolio--Phase II(d)(e)(g)	Denver & Colorado Springs, CO	6	514,427		85,910
7/16/98	4200 Parliament Drive(h)	Lanham, Prince George's County, MD	1	122,000		15,807
9/10/98	40 Richards Avenue(d)	Norwalk, Fairfield County, CT	1	145,487		19,587
9/15/98	Seven Skyline Drive(i)	Hawthorne, Westchester County, NY	1	109,000		13,379
			--			
	TOTAL OFFICE PROPERTY ACQUISITIONS:		34	3,842,668	$	612,415
			--			
OFFICE/FLEX						
1/30/98	McGarvey Portfolio(j)	Moorestown, Burlington County, NJ	17	748,660	$	47,526
7/14/98	1510 Lancer Road(k)	Moorestown, Burlington County, NJ	1	88,000		3,700
			--			
	TOTAL OFFICE/FLEX PROPERTY ACQUISITIONS:		18	836,660	$	51,226
			--			
	TOTAL OPERATING PROPERTY ACQUISITIONS:		52	4,679,328	$	663,641
			--			

PROPERTIES PLACED IN SERVICE

The Company placed in service the following properties through the completion of development or redevelopment during the year ended December 31, 1998:

DATE PLACED IN SERVICE	PROPERTY NAME	LOCATION	# OF BLDGS.	SQUARE FEET	INVESTMENT BY COMPANY(A) (IN THOUSANDS)
OFFICE					
1/15/98	224 Strawbridge Drive	Moorestown, Burlington County, NJ	1	74,000	$ 7,796
8/01/98	228 Strawbridge Drive	Moorestown, Burlington County, NJ	1	74,000	7,986
			--		
	TOTAL OFFICE PROPERTIES PLACED IN SERVICE:		2	148,000	$ 15,782
			--		

OFFICE/FLEX					
6/08/98	Two Center Court	Totowa, Passaic County, NJ	1	30,600	$ 2,231
10/23/98	650 West Avenue	Stamford, Fairfield County, CT	1	40,000	4,952
TOTAL OFFICE/FLEX PROPERTIES PLACED IN SERVICE:			2	70,600	$ 7,183
TOTAL PROPERTIES PLACED IN SERVICE:			4	218,600	$ 22,965

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SEE FOOTNOTES TO THESE SCHEDULES ON SUBSEQUENT PAGE.

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FOOTNOTES TO SCHEDULES ON PREVIOUS PAGE:

(a) Unless otherwise noted, transactions were funded by the Company with funds primarily made available through draws on the Company's credit facilities.

(b) The acquisition was funded with cash as well as the assumption of mortgage debt (estimated fair value of approximately $12,104, with annual effective interest rate of 6.52 percent.)

(c) The acquisition was funded primarily from proceeds received from the sale of 2,705,628 shares of common stock. Also included in the acquisition, but excluded from this schedule, is (i) Nine Campus Drive in which the Company has a 50 percent interest through an unconsolidated joint venture (see "Investments in Unconsolidated Joint Ventures"), and (ii) developable land adjacent to the acquired portfolio (see "Redevelopment Properties/Developable Land Acquisitions.")

(d) The acquisition was funded with cash and the issuance of common units to the seller (see Note 9 to the Financial Statements).

(e) The Company may be required to pay additional consideration due to earn-out provisions in the agreement. The Company is under contract to acquire two remaining office buildings, encompassing 95,360 square feet (for an aggregate price of approximately $12,300).

(f) The property was acquired subject to a ground lease, which is prepaid through 2031, and has two 10-year renewal options, at rent levels as defined in the lease agreement.

(g) Also included in the acquisition, but excluded from this schedule, is developable land adjacent to the acquired portfolio (see "Redevelopment Properties/Developable Land Acquisitions.")

(h) Includes land adjacent to the operating property, which may be sub-divided for future development.

(i) The property was acquired through the exercise of a purchase option obtained in the RM Transaction. The acquisition was funded with cash, net of the repayment by the seller of the remaining balance of the RM Note Receivable (see Note 7 to the Financial Statements).

(j) The acquisition was funded with cash as well as the assumption of mortgage debt (aggregate estimated fair value of approximately $8,354, with weighted average annual effective interest rate of 6.24 percent.) The Company is under contract to acquire an additional four office/flex properties and has a right of first refusal to acquire six additional office/flex properties.

(k) The property was acquired through the exercise of a purchase option obtained in the acquisition of the McGarvey portfolio in January 1998.

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REDEVELOPMENT PROPERTIES/DEVELOPABLE LAND 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, funded from the Company's cash reserves. In October 1998, the Company completed and placed in service a 40,000 square-foot office/flex property on the acquired land (see "Properties Placed in Service.")

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 $5.2 million, which was made available from drawing on one of the Company's credit facilities. The Company is currently redeveloping the property for future lease-up and operation.

On March 27, 1998, as part of the purchase of the Prudential Business Campus (see "Operating Property Acquisitions"), the Company acquired approximately 95 acres of vacant land adjacent to the operating properties for approximately $27.5 million.

On June 8, 1998, as part of the Pacifica portfolio-phase II acquisition (see "Operating Property Acquisitions"), the Company acquired vacant land adjacent to the operating properties for approximately $2.0 million.

On September 4, 1998, the Company acquired approximately 128 acres of vacant land located at the Horizon Center Business Park, Hamilton Township, Mercer County, New Jersey, through the exercise of a purchase option obtained in the Company's acquisition of the Horizon Center Business Park in November 1995. The land was acquired for approximately $1.7 million, which was funded from the Company's cash reserves.

On November 10, 1998, the Company acquired approximately 10.1 acres of land located at Three Vaughn Drive, Princeton, Mercer County, New Jersey. The Company acquired the land for approximately $2.1 million, which was funded from the Company's cash reserves.

On December 3, 1998, the Company acquired approximately 2.7 acres of land located at 12 Skyline Drive, Hawthorne, Westchester County, New York. The Company acquired the land for approximately $1.5 million, which was funded from the Company's cash reserves.

INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The following is a summary of the Company's net investment in unconsolidated joint ventures as of December 31, 1998:

<TABLE>
<CAPTION>

UNCONSOLIDATED JOINT VENTURE	COMPANY'S NET INVESTMENT (IN THOUSANDS)
<S>	<C>
Pru-Beta 3	$ 17,980
HPMC	17,578
G&G Martco	10,964
American Financial Exchange L.L.C	10,983
Ramland Realty Associates L.L.C	4,851
Ashford Loop Associates L.P	4,152
Total	$ 66,508

</TABLE>

PRU-BETA 3 (NINE CAMPUS DRIVE): On March 27, 1998, the Company acquired a 50 percent interest in an existing joint venture with The Prudential Insurance Company of America ("Prudential"), known as Pru-Beta 3, which owns and operates Nine Campus Drive, a 156,495 square-foot office building, located in the Mack-Cali Business Campus (formerly Prudential Business Campus) office complex in Parsippany, Morris County, New Jersey. The Company performs management and leasing services for the property owned by the joint venture.

HPMC (CONTINENTAL GRAND II/SUMMIT RIDGE/LAVA RIDGE): On April 23, 1998, the Company entered into a joint venture agreement with HCG Development, L.L.C. and Summit Partners I, L.L.C. to form HPMC Development Partners, L.P. and, on July 21, 1998, entered into a second joint venture named HPMC Lava Ridge Partners, L.P. with these same parties. HPMC Development Partners, L.P.'s efforts have focused on two development projects, commonly referred to as Continental Grand II and Summit Ridge. Continental Grand II is a 4.2 acre site located in El Segundo, Los Angeles County, California, acquired by the venture upon which it has commenced construction of a 237,000 square-foot office property. Summit Ridge is a 7.3 acre site located in San Diego, San Diego County, California, acquired by the venture upon which it has commenced construction of a 132,000 square-foot office/flex property. HPMC Lava Ridge Partners, L.P. has commenced construction of three two-story buildings aggregating 183,200 square-feet of office space on a 12.1 acre site located in Roseville, Placer County, California. The Company is required to make capital contributions to the ventures totaling up to $26.6 million, pursuant to the partnership agreements. Among other things, the partnership agreements provide for a preferred return on the Company's invested capital in each venture, in addition to 50 percent of such venture's profit above such preferred returns, as defined in each agreement.

G&G MARTCO (CONVENTION PLAZA): On April 30, 1998, the Company acquired a 49.9 percent interest in an existing joint venture, known as G&G Martco, which owns Convention Plaza, a 305,618 square-foot office building, located in San Francisco, San Francisco County, California. A portion of its initial investment was financed through the issuance of common units (see Note 9 to the Financial Statements), as well as funds drawn from the Company's credit facilities. The

Company performs management and leasing services for the property owned by the joint venture.

AMERICAN FINANCIAL EXCHANGE L.L.C.: On May 20, 1998, the Company entered into a joint venture agreement with Columbia Development Corp. to form American Financial Exchange L.L.C. The venture

was initially formed to acquire land for future development, located on the Hudson River waterfront in Jersey City, Hudson County, New Jersey, adjacent to the Company's Harborside property. The Company holds a 50 percent interest in the joint venture. Among other things, the partnership agreement provides for a preferred return on the Company's invested capital in the venture, in addition to the Company's proportionate share of the venture's profit, as defined in the agreement. The joint venture has acquired land on which it has constructed a parking facility, which is currently leased to a parking operator under a 10-year agreement. Such parking facility serves a ferry service between the Company's Harborside Financial Center and Manhattan.

RAMLAND REALTY ASSOCIATES L.L.C. (ONE RAMLAND ROAD): On August 20, 1998, the Company entered into a joint venture agreement with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square-foot office/ flex building plus adjacent developable land, located in Orangeburg, Rockland County, New York. The office/flex building is being redeveloped for future lease-up and operation. The Company holds a 50 percent interest in the joint venture.

ASHFORD LOOP ASSOCIATES L.P. (1001 SOUTH DAIRY ASHFORD/2100 WEST LOOP SOUTH): On September 18, 1998, the Company entered into a joint venture agreement with Prudential to form Ashford Loop Associates L.P. The venture was formed to own, manage and operate 1001 South Dairy Ashford, a 130,000 square-foot office building acquired on September 18, 1998 and 2100 West Loop South, a 168,000 square-foot office building acquired on November 25, 1998, both located in Houston, Harris County, Texas. The Company holds a 20 percent interest in the joint venture. The joint venture may be required to pay additional consideration due to earn-out provisions in the acquisition contracts. The Company performs management and leasing services for the properties owned by the joint venture.

FINANCING ACTIVITY

During 1998, the Company issued approximately 8.0 million shares in several offerings and sales of its common stock (at a weighted average price of $37.38 per share) raising aggregate net proceeds of approximately $288.4 million. Concurrent with these offerings and sales, the Company purchased from the Operating Partnership approximately 8.0 million Common Units, as defined below, for approximately $288.4 million. Additionally, during 1998, in conjunction with the funding of several of its property acquisitions as well as redemption of certain of the contingent units issued in the Mack Transaction, the Company issued a total of approximately 3.1 million common operating partnership units ("Common Units") and 19,694 preferred operating partnership units (convertible into 568,369 Common Units), with a total value of approximately $126.3 million at time of issuance.

In October 1998, the Company entered into a forward treasury rate lock agreement with a commercial bank. The agreement locked an interest rate of 4.089 percent per annum for the three-year U.S. Treasury Note effective November 4, 1999, on a notional amount of $50.0 million. The agreement will be used to fix the Index Rate on $50.0 million of the Harborside mortgages, for which the Company's interest rate re-sets for three years beginning November 4, 1999 to the interpolated three-year U.S. Treasury Note plus 110 basis points (see Note 8 to the Financial Statements--"Harborside Mortgages").

In August 1998, the Board of Directors of the Company authorized a share repurchase program under which the Company was permitted to purchase up to $100.0 million of the Company's outstanding Common Stock. Purchases could be made from time to time in open market transactions at prevailing prices or through privately-negotiated transactions. Subsequently, the Company purchased in the open market, for constructive retirement, 854,700 shares of its outstanding Common Stock for an aggregate cost of approximately $25.1 million. Concurrent with these purchases, the Company sold to the Operating Partnership 854,700 Common Units for approximately $25.1 million.

On April 30, 1998, the Company retired a $200 million term loan which it obtained from Prudential Securities Credit Corp. on December 10, 1997. Such loan had a one-year term and bore interest at 110 basis points over one-month LIBOR.

Also on April 30, 1998, the Company obtained a loan in the amount of $150 million from The Prudential Insurance Company of America. Such loan has a seven-year term and bears interest at an effective rate of 7.1 percent.

On April 17, 1998, the Company repaid in full and terminated the Original Unsecured Facility and obtained a new unsecured revolving credit facility (the "1998 Unsecured Facility") in the amount of $870.0 million from a group of 26 lender banks. In July 1998, the 1998 Unsecured Facility was expanded to $900.0 million with the addition of two new lender banks into the facility, bringing

the total number of participants to 28. In December 1998, the 1998 Unsecured Facility was further expanded to $1.0 billion. The 1998 Unsecured Facility has a three-year term and bore interest at 110 basis points over LIBOR. In November 1998, with the Company's achievement of investment grade unsecured debt ratings, the interest rate was reduced to 90 basis points over LIBOR.

The Company has three investment grade credit ratings. Duff & Phelps Credit Rating Co. ("DCR") and Standard & Poors Rating Services ("S&P") have each assigned their BBB rating to prospective senior unsecured debt offerings of the Operating Partnership. DCR and S&P have also assigned their BBB- rating to prospective preferred stock offerings of the Company. Moody's Investors Service has assigned its Baa3 rating to prospective senior unsecured debt of the Operating Partnership and its Ba1 rating to prospective preferred stock offerings of the Company.

RISK FACTORS

Our results from operations and ability to pay dividends on our equity and debt service on our indebtedness may be affected by the risk factors set forth below. All investors should consider the following risk factors before deciding to purchase securities of the Company. The Company refers to itself as "we" or "our" in the following risk factors.

WE ARE DEPENDENT UPON THE ECONOMICS OF THE NORTHEASTERN OFFICE MARKETS.

A majority of our revenues are derived from our properties located in the Northeast, particularly in New Jersey, New York, Pennsylvania and Connecticut. Adverse economic developments in these states could adversely impact the operations of our properties and, therefore, our profitability. Because our portfolio consists primarily of office and office/flex buildings (as compared to a more diversified real estate portfolio), a decline in the economy and/or a decline in the demand for office space may adversely affect our ability to make distributions or payments to our investors.

OUR PERFORMANCE IS SUBJECT TO RISKS ASSOCIATED WITH THE REAL ESTATE INDUSTRY.

GENERAL: Our ability to make distributions or payments to our investors depends on the ability of our properties to generate funds in excess of operating expenses (including scheduled principal payments on debt and capital expenditure requirements). Events or conditions that are beyond our control may adversely affect our operations and the value of our properties. Such events or conditions could include:

- changes in the general economic climate;
- changes in local conditions such as oversupply of office space or a reduction in demand for office space;
- decreased attractiveness of our properties to potential tenants;
- competition from other office and office/flex buildings;

- our inability to provide adequate maintenance;
- increased operating costs, including insurance premiums and real estate taxes, due to inflation and other factors which may not necessarily be offset by increased rents;
- changes in laws and regulations (including tax, environmental and housing laws and regulations) and agency or court interpretations of such laws and regulations and the related costs of compliance;
- changes in interest rate levels and the availability of financing;
- the inability of a significant number of tenants to pay rent;
- our inability to rent office space on favorable terms; and
- civil unrest, earthquakes and other natural disasters or acts of God that may result in uninsured losses.

FINANCIALLY DISTRESSED TENANTS MAY BE UNABLE TO PAY RENT: If a tenant defaults, we may experience delays and incur substantial costs in enforcing our rights as landlord and protecting our investments. If a tenant files for bankruptcy, a potential court judgment rejecting and terminating such tenant's lease could adversely affect our ability to make distributions or payments to our investors.

ILLIQUIDITY OF REAL ESTATE LIMITS OUR ABILITY TO ACT QUICKLY: Real estate investments are relatively illiquid. Such illiquidity may limit our ability to react quickly in response to changes in economic and other conditions. If we want to sell an investment, we might not be able to dispose of that investment in the time period we desire, and the sales price of that investment might not recoup or exceed the amount of our investment. The prohibition in the Internal Revenue Code of 1986, as amended, and related regulations on a real estate investment trust holding property for sale also may restrict our ability to sell

property. In addition, we acquired a significant number of our properties from individuals to whom we issued limited partnership units as part of the purchase price. In connection with the acquisition of these properties, in order to preserve such individual's tax deferral, we contractually agreed not to sell or otherwise transfer the properties for a specified period of time, subject to certain exceptions. The above limitations on our ability to sell our investments could adversely affect our ability to make distributions or payments to our investors.

AMERICANS WITH DISABILITIES ACT COMPLIANCE COULD BE COSTLY: Under the Americans with Disabilities Act of 1990, all public accommodations and commercial facilities must meet certain federal requirements related to access and use by disabled persons. Compliance with the ADA requirements could involve removal of structural barriers from certain disabled persons' entrances. Other federal, state and local laws may require modifications to or restrict further renovations of our properties with respect to such accesses. Although we believe that our properties are substantially in compliance with present requirements, noncompliance with the ADA or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against us. Such costs may adversely affect our ability to make distributions or payments to our investors.

ENVIRONMENTAL PROBLEMS ARE POSSIBLE AND MAY BE COSTLY: Various federal, state and local laws and regulations subject property owners or operators to liability 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 or operator was responsible for or even knew of the presence of such substances. The presence of or failure to properly remediate hazardous or toxic substances may adversely affect our ability to rent, sell or borrow against contaminated property. Various laws and regulations also impose liability on persons who arrange for the disposal or treatment of hazardous or toxic substances at another location for the costs of removal or remediation of such substances at the disposal or treatment facility. These laws often impose liability whether or not the person arranging for such disposal ever owned

or operated the disposal facility. Certain other environmental laws and regulations impose liability on owners or operators of property for injuries relating to the release of asbestos-containing materials into the air. As owners and operators of property and as potential arrangers for hazardous substance disposal, we may be liable under such laws and regulations for removal or remediation costs, governmental penalties, property damage, personal injuries and related expenses. Payment of such costs and expenses could adversely affect our ability to make distributions or payments to our investors.

COMPETITION FOR ACQUISITIONS MAY RESULT IN INCREASED PRICES FOR PROPERTIES: We plan to acquire additional properties in New Jersey, New York and Pennsylvania and in the Northeast generally. We may be competing for investment opportunities with entities that have greater financial resources and more experienced managers. Several office building developers and real estate companies may compete with us in seeking properties for acquisition, land for development and prospective tenants. Such competition may adversely affect our ability to make distributions or payments to our investors by:

- reducing the number of suitable investment opportunities offered to us;
- increasing the bargaining power of property owners;
- interfering with our ability to attract and retain tenants;
- increasing vacancies which lowers market rental rates and limits our ability to negotiate rental rates; and/or
- adversely affecting our ability to minimize expenses of operation.

DEVELOPMENT OF REAL ESTATE COULD BE COSTLY: As part of our operating strategy, we may acquire land for development under certain conditions. Included among the risks of the real estate development business are the following, which may adversely affect our ability to make distributions or payments to our investors:

- financing for development projects may not be available on favorable terms;
- long-term financing may not be available upon completion of construction; and
- failure to complete construction on schedule or within budget may increase debt service expense and construction costs.

DEBT FINANCING COULD ADVERSELY AFFECT OUR ECONOMIC PERFORMANCE.

SCHEDULED DEBT PAYMENTS AND REFINANCING COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION: We are subject to the risks normally associated with debt financing. These risks, including the following, may adversely affect our ability to make distributions or payments to our investors:

- our cash flow may be insufficient to meet required payments of principal and interest;

- payments of principal and interest on borrowings may leave us with insufficient cash resources to pay operating expenses;

- we may not be able to refinance indebtedness on our properties at maturity; and

- if refinanced, the terms of refinancing may not be as favorable as the original terms of the related indebtedness.

As of December 31, 1998, we had outstanding an aggregate of approximately $743.2 million of mortgage indebtedness (in addition to borrowings under our revolving credit facilities). As of December 31, 1998, we had outstanding borrowings of $671.6 million under our revolving credit facilities (with aggregate borrowing capacity of $1.1 billion). The outstanding borrowings were comprised of $671.6 million from our unsecured $1.0 billion credit facility, with no outstanding borrowings on our $100.0 million credit facility. We may have to refinance the principal due on our indebtedness at maturity, and we may not be able to refinance any indebtedness we incur in the future.

If we are unable to refinance our indebtedness on acceptable terms, or at all, events or conditions that may adversely affect our ability to make distributions or payments to our investors include the following:

- we may need to dispose of one or more of our properties upon disadvantageous terms;

- prevailing interest rates or other factors at the time of refinancing could increase interest rates and, therefore, our interest expense;

- if we mortgage property to secure payment of indebtedness and are unable to meet mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of our rents and leases; and

- foreclosures upon mortgaged property could create taxable income without accompanying cash proceeds and, therefore, hinder our ability to meet the real estate investment trust distribution requirements of the Internal Revenue Code.

RISING INTEREST RATES MAY ADVERSELY AFFECT OUR CASH FLOW: Outstanding borrowings of approximately $671.6 million (as of December 31, 1998) under our revolving credit facilities and approximately $80.2 million (as of December 31, 1998) of our mortgage indebtedness bear interest at variable rates. We may incur additional indebtedness in the future that also bears interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase. Higher debt service requirements could adversely affect our ability to make distributions or payments to our investors or cause us to default under certain debt covenants.

OUR DEGREE OF LEVERAGE COULD ADVERSELY AFFECT OUR CASH FLOW: We fund acquisition opportunities and development partially through short-term borrowings (including our revolving credit facilities), as well as out of undistributed cash. We expect to refinance projects purchased with short-term debt either with long-term indebtedness or equity financing depending upon the economic conditions at the time of refinancing. Our Board of Directors has a general policy of limiting the ratio of our indebtedness to total market capitalization (total debt as a percentage of the total market value of the issued and outstanding shares of our common stock, including interests redeemable therefor, plus total debt) of 50 percent or less, although there is no limit in Mack-Cali Realty, L.P.'s or our organizational documents on the amount of indebtedness that we may incur. However, we have entered into certain financial agreements which contain financial and operating covenants that limit our ability under certain circumstances to incur additional secured and unsecured indebtedness. The Board of Directors could alter or eliminate its current policy on borrowing at any time at its discretion. If this policy were changed, we could become more highly
leveraged, resulting in an increase in debt service that could adversely affect our cash flow and our ability to make distributions or payments to our investors and could cause an increased risk of default on our obligations.

ANY UNSECURED INDEBTEDNESS THAT WE MAY ISSUE IS EFFECTIVELY SUBORDINATED TO OUR SECURED INDEBTEDNESS AND INDEBTEDNESS OF OUR SUBSIDIARIES: Any unsecured indebtedness that we may issue will be effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness and indebtedness of our subsidiaries. As of December 31, 1998, our total secured indebtedness (including secured indebtedness issued by our subsidiaries) was approximately $743.2 million. Consequently, in the event we are involved in a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, the holders of any secured indebtedness will be entitled to proceed against the collateral that secures any such secured indebtedness, and such collateral will not be available for satisfaction of any amounts owned under our unsecured indebtedness, including the notes. In addition, in the event

of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding of our subsidiaries, holders of indebtedness of our subsidiaries (whether secured or unsecured) and trade creditors of our subsidiaries generally will be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

WE ARE DEPENDENT ON OUR KEY PERSONNEL WHOSE CONTINUED SERVICE IS NOT GUARANTEED.

We are dependent upon our executive officers for strategic business direction and real estate experience. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. We have entered into an employment agreement (including non-competition provisions) which provides for a continuous five-year employment term with each of Thomas A. Rizk, Mitchell E. Hersh, Brant B. Cali, John R. Cali, Timothy M. Jones, Barry Lefkowitz and Roger W. Thomas. We do not have key man life insurance for our executive officers.

A YEAR 2000 FAILURE COULD DISRUPT OUR OPERATIONS.

The year 2000 problem is the result of computer programs and embedded chips using a two-digit format, as opposed to four digits, to indicate the year. Such computer systems may be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors, leading to disruptions in operations. The failure to correct a material year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect our results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the year 2000 problem, resulting in part from the uncertainty of the year 2000 readiness of third-party vendors and tenants, we are unable to determine at this time whether the consequences of year 2000 failures will have a material impact on our results of operations, liquidity or financial condition. See "Item 7--Management's Discussion and Analysis of Financial Condition and Results of Operations."

CONSEQUENCES OF FAILURE TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST COULD ADVERSELY AFFECT
OUR FINANCIAL CONDITION.

FAILURE TO MAINTAIN OWNERSHIP LIMITS COULD CAUSE US TO LOSE OUR QUALIFICATION AS A REAL ESTATE INVESTMENT TRUST: In order for us to maintain our qualification as a real estate investment trust, not more than 50 percent in value of our outstanding stock may be actually and/or constructively owned by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities). We have limited ownership of our outstanding shares of our common stock by any single stockholder to 9.8 percent of the outstanding shares of our common stock. Our Board of Directors could waive this restriction if they were satisfied, based upon the advice of tax counsel or otherwise, that such action would be in our best interests and would not affect our qualifications as a real estate investment trust. Common stock acquired or transferred in breach of the limitation may be redeemed by us for the lesser of the price paid and the average closing price for the 10 trading days immediately preceding redemption or sold at the direction of us. We may elect to redeem such shares of common stock for limited partnership units, which are nontransferable except in very limited circumstances. Any transfer of shares of common stock which, as a result of such transfer, causes us to be in violation of any ownership limit will be deemed void. Although we currently intend to continue to operate in a manner which will enable us to continue to qualify as a real estate investment trust, it is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke the election for us to qualify as a real estate investment trust. Under our organizational documents, our Board of Directors can make such revocation without the consent of our stockholders.

In addition, the consent of the holders of at least 85 percent of Mack-Cali Realty, L.P.'s partnership units is required: (i) to merge (or permit the merger of) us with another unrelated person, pursuant to a transaction in which Mack-Cali Realty, L.P. is not the surviving entity; (ii) to dissolve, liquidate or wind Mack-Cali Realty, L.P. up; or (iii) to convey or otherwise transfer all or substantially all of Mack-Cali Realty, L.P.'s assets. As general partner, we own approximately 77.8 percent of Mack-Cali Realty, L.P.'s outstanding partnership units (assuming conversion of all preferred limited partnership units).

TAX LIABILITIES AS A CONSEQUENCE OF FAILURE TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST: We have elected to be treated and have operated so as to qualify as a real estate investment trust for federal income tax purposes since our taxable year ended December 31, 1994. Although we believe we will continue to operate in such manner, we cannot guarantee that we will do so. Qualification as a real estate investment trust involves the satisfaction of various requirements (some on an annual and quarterly basis) established under highly technical and complex tax provisions of the Internal Revenue Code. Because few judicial or administrative interpretations of such provisions exist and qualification determinations are fact sensitive, we cannot assure you that we will qualify as a real estate investment trust for any taxable year.

If we fail to qualify as a real estate investment trust in any taxable year,

we will be subject to the following:

- we will not be allowed a deduction for dividends to shareholders;

- we will be subject to federal income tax at regular corporate rates, including any alternative minimum tax, if applicable; and

- unless we are entitled to relief under certain statutory provisions, we will not be permitted to qualify as a real estate investment trust for the four taxable years following the year during which we were disqualified.

A loss of our status as a real estate investment trust could have an adverse effect on us. Failure to qualify as a real estate investment trust also would eliminate the requirement that we pay dividends to our shareholders.

OTHER TAX LIABILITIES: Even if we qualify as a real estate investment trust, we are subject to certain federal, state and local taxes on our income and property and, in some circumstances, certain other state taxes. Our net income from third party management and tenant improvements, if any, also may be subject to federal income tax.

RISK OF CHANGES IN THE TAX LAW APPLICABLE TO REAL ESTATE INVESTMENT TRUSTS: Since the Internal Revenue Service, the United States Treasury Department and Congress frequently review federal income tax legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any of such legislative action may prospectively or retroactively modify our and Mack-Cali Realty, L.P.'s tax treatment and, therefore, may adversely affect taxation of us, Mack-Cali Realty, L.P., and/or investors.

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 2. PROPERTIES

PROPERTY LIST

As of December 31, 1998, the Company's Properties consisted of 237 in-service 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, two land leases and one redevelopment office property. The Properties are located primarily in the Northeast. The Properties are easily accessible from major thoroughfares and are in close proximity to numerous amenities. The Properties contain a total of approximately 26.8 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.

<TABLE>
<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OFFICE PROPERTIES							
ATLANTIC COUNTY, NEW JERSEY							
EGG HARBOR							
100 Decadon Drive.....	1987	40,422	100.0	770	770	0.18	19.05
200 Decadon Drive.....	1991	39,922	99.8	501	477	0.12	12.57

BERGEN COUNTY, NEW JERSEY						
FAIR LAWN						
17-17 Route 208 North.....	1987	143,000	96.0	3,391	3,327	0.80
24.70						
FORT LEE						
One Bridge Plaza.....	1981	200,000	98.2	4,686	4,539	1.11
23.86						
LITTLE FERRY						
200 Riser Road.....	1974	286,628	100.0	1,858	1,858	0.44
6.48						
MONTVALE						
95 Chestnut Ridge Road.....	1975	47,700	100.0	565	565	0.13
11.84						
135 Chestnut Ridge Road.....	1981	66,150	100.0	1,217	1,217	0.29
18.40						
PARAMUS						
140 Ridgewood Avenue.....	1981	239,680	100.0	5,141	5,128	1.22
21.45						
15 East Midland Avenue.....	1988	259,823	100.0	6,749	6,749	1.60
25.98						
461 From Road.....	1988	253,554	99.8	5,993	5,991	1.42
23.68						
650 From Road.....	1978	348,510	96.7	7,538	7,535	1.79
22.37						
61 South Paramus Avenue.....	1985	269,191	99.0	5,596	5,556	1.33
21.00						
ROCHELLE PARK						
120 Passaic Street.....	1972	52,000	100.0	575	575	0.14
11.06						
365 West Passaic Street.....	1976	212,578	84.0	3,463	3,428	0.82
19.39						
SADDLE RIVER						
1 Lake Street.....	1994	474,801	100.0	7,465	7,465	1.77
15.72						
UPPER SADDLE RIVER						
10 Mountainview Road(7).....	1986	192,000	100.0	3,053	2,952	0.72
18.72						

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
OFFICE PROPERTIES		
ATLANTIC COUNTY, NEW JERSEY		
EGG HARBOR		
100 Decadon Drive.....	19.05	Computer Sciences Corp. (80%), United States of America--GSA (20%)
200 Decadon Drive.....	11.97	Computer Sciences Corp. (45%), Advanced Casino Corp. (33%), Dimensions International Inc. (15%)
BERGEN COUNTY, NEW JERSEY		
FAIR LAWN		
17-17 Route 208 North.....	24.24	Lonza, Inc. (63%), Boron-Lepore Assoc., Inc. (16%)
FORT LEE		
One Bridge Plaza.....	23.11	PricewaterhouseCoopers LLP (26%), Broadview Associates (16%), Bozell Worldwide, Inc. (16%)
LITTLE FERRY		
200 Riser Road.....	6.48	Ford Motor Company (34%), Dassault Falcon Jet Corp. (33%), Sanyo Fisher Service Corp. (33%)

MONTVALE		
95 Chestnut Ridge Road.....	11.84	Roussel-UCLAF Holdings Corp. (100%)
135 Chestnut Ridge Road.....	18.40	Alliance Funding Company (100%)
PARAMUS		
140 Ridgewood Avenue.....	21.40	AT&T Wireless Services (46%), Smith Barney Shearson Inc. (19%)
15 East Midland Avenue.....	25.98	AT&T Wireless Services (98%)
461 From Road.....	23.68	Toys 'R' Us--NJ Inc. (96%)
650 From Road.....	22.36	Western Union Financial Services, Inc. (38%)
61 South Paramus Avenue.....	20.85	Dun & Bradstreet Software Services, Inc. (11%)
ROCHELLE PARK		
120 Passaic Street.....	11.06	Electronic Data Systems Corp. (100%)
365 West Passaic Street.....	19.20	United Retail Incorporated (26%), Catalina Marketing Corp. (10%), Financial Telesis Inc. (10%)
SADDLE RIVER		
1 Lake Street.....	15.72	Prentice-Hall Inc. (100%)
UPPER SADDLE RIVER		
10 Mountainview Road(7).....	18.10	Thomson Minwax Company (23%), Corning Life Sciences (15%), ITT Fluid Technology (14%), Professional Detailing Inc. (14%), Neuromedical Systems Inc. (14%), Innapharma Inc. (10%)

</TABLE>

<TABLE>
<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
WOODCLIFF LAKE							
400 Chestnut Ridge Road.....	1982	89,200	100.0	2,120	2,120	0.50	23.77
470 Chestnut Ridge Road.....	1987	52,500	100.0	1,192	1,192	0.28	22.70
530 Chestnut Ridge Road.....	1986	57,204	100.0	1,166	1,166	0.28	20.38
50 Tice Boulevard.....	1984	235,000	100.0	4,372	3,732	1.04	18.60
300 Tice Boulevard.....	1991	230,000	100.0	5,022	4,951	1.19	21.83
BURLINGTON COUNTY, NEW JERSEY							
MOORESTOWN							
224 Strawbridge Drive(7).....	1984	74,000	63.4	800	734	0.19	17.05
228 Strawbridge Drive(7).....	1984	74,000	100.0	597	459	0.14	8.07
ESSEX COUNTY, NEW JERSEY							
MILLBURN							
150 J.F. Kennedy Parkway.....	1980	247,476	100.0	6,572	6,565	1.56	26.56
ROSELAND							
101 Eisenhower Parkway.....	1980	237,000	95.2	4,084	3,800	0.97	18.10
103 Eisenhower Parkway.....	1985	151,545	94.1	3,195	2,934	0.76	

22.40						
HUDSON COUNTY, NEW JERSEY						
JERSEY CITY						
95 Christopher Columbus Drive.....	1989	621,900	100.0	12,717	11,552	3.02
20.45						
Harborside Financial Center Plaza I....	1983	400,000	98.8	3,264	3,264	0.77
8.26						
Harborside Financial Center Plaza II...	1990	761,200	100.0	17,145	17,047	4.06
22.52						
Harborside Financial Center Plaza III..	1990	725,600	100.0	16,341	16,247	3.87
22.52						
MERCER COUNTY, NEW JERSEY						
PRINCETON						
5 Vaughn Drive.....	1987	98,500	94.9	2,095	2,052	0.50
22.41						
400 Alexander Road.....	1987	70,550	100.0	1,270	1,081	0.30
18.00						
103 Carnegie Center.....	1984	96,000	100.0	2,038	1,929	0.48
21.23						
100 Overlook Center.....	1988	149,600	99.8	3,862	3,862	0.92
25.87						

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
WOODCLIFF LAKE		
400 Chestnut Ridge Road.....	23.77	Timeplex, Inc. (100%)
470 Chestnut Ridge Road.....	22.70	Andermatt LP (100%)
530 Chestnut Ridge Road.....	20.38	KPMG Peat Marwick, LLP (100%)
50 Tice Boulevard.....	15.88	Syncsort, Inc. (22%)
300 Tice Boulevard.....	21.53	Merck-Medco Managed Care LLC (20%), Xerox Corp. (14%), Chase Manhattan Mortgage Corp. (12%), Comdisco, Inc. (11%), NYCE, Corp. (11%)
BURLINGTON COUNTY, NEW JERSEY		
MOORESTOWN		
224 Strawbridge Drive(7).....	15.64	Allstate Insurance Co. (49%)
228 Strawbridge Drive(7).....	6.20	Cendant Mortgage Corporation (100%)
ESSEX COUNTY, NEW JERSEY		
MILLBURN		
150 J.F. Kennedy Parkway.....	26.53	KPMG Peat Marwick, LLP (42%), Budd Larner Gross (23%), Coldwell Banker Residential Real Estate (14%)
ROSELAND		
101 Eisenhower Parkway.....	16.84	Arthur Andersen, LLP (31%), Brach, Eichler, Rosenberg (13%)
103 Eisenhower Parkway.....	20.57	Ravin, Sarasohn, Cook, Baumgarten (18%), Lum, Danzis, Drasco (16%), Chelsea GCA Realty Corp. (15%), Salomon Smith Barney, Inc. (11%)
HUDSON COUNTY, NEW JERSEY		
JERSEY CITY		
95 Christopher Columbus Drive.....	18.58	DLJ Securities Corp. (Pershing) (72%), NTT Data Corp. (22%)
Harborside Financial Center Plaza I....	8.26	Bankers Trust Harborside, Inc. (96%)
Harborside Financial Center Plaza II...	22.39	Dow Jones Telerate Systems, Inc. (44%), Morgan Stanley Dean Witter (30%), Lewco Sercurities (11%)
Harborside Financial Center Plaza III..	22.39	AICPA (34%), BTM Information Services, Inc. (19%)

MERCER COUNTY, NEW JERSEY			
PRINCETON			
5 Vaughn Drive.....	21.95	U.S. Trust Co. of NJ (19%), Woodrow Wilson National Fellowship Foundation	
		(14%), Princeton Venture Research Corp. (14%), Villeroy & Boch Tableware	
		Ltd. (11%)	
400 Alexander Road.....	15.32	Berlitz International Inc. (100%)	
103 Carnegie Center.....	20.09	Ronin Development Corp. (15%), R.G. Vanderweil Engineers (14%)	
100 Overlook Center.....	25.87	Squibb-Novo Inc. (24%), Xerox Corp. (24%), IFP North America Inc. (14%)	

</TABLE>

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PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
MIDDLESEX COUNTY, NEW JERSEY							
EAST BRUNSWICK							
377 Summerhill Road.....	1977	40,000	100.0	373	373	0.09	9.33
PLAINSBORO							
500 College Road East(7).....	1984	158,235	100.0	2,060	2,060	0.49	21.21
SOUTH BRUNSWICK							
3 Independence Way.....	1983	111,300	87.3	1,913	1,912	0.45	19.69
WOODBRIDGE							
581 Main Street.....	1991	200,000	94.0	3,078	3,043	0.73	16.37
MONMOUTH COUNTY, NEW JERSEY							
NEPTUNE							
3600 Route 66.....	1989	180,000	100.0	2,411	2,411	0.57	13.39
WALL TOWNSHIP							
1305 Campus Parkway.....	1988	23,350	92.3	402	391	0.10	18.65
1350 Campus Parkway.....	1990	79,747	97.5	1,324	1,233	0.31	17.03
MORRIS COUNTY, NEW JERSEY							
FLORHAM PARK							
325 Columbia Parkway.....	1987	168,144	100.0	3,749	3,279	0.89	22.30
PARSIPPANY							
1 Sylvan Way(7).....	1989	150,557	100.0	2,427	2,381	0.58	21.24
2 Dryden Way(7).....	1990	6,216	100.0	51	51	0.01	10.69
2 Hilton Court(7).....	1991	181,592	100.0	4,745	4,745	1.12	34.06
5 Sylvan Way(7).....	1989	151,383	93.0	2,576	2,576	0.61	24.11
7 Campus Drive(7).....	1982	154,395	100.0	1,945	1,945	0.46	16.42
7 Sylvan Way(7).....	1987	145,983	100.0	2,229	2,229	0.53	

19.90						
8 Campus Drive(7).....	1987	215,265	92.8	3,495	3,491	0.83
22.81						
600 Parsippany Road.....	1978	96,000	100.0	1,592	1,542	0.38
16.58						
MORRIS PLAINS						
201 Littleton Road.....	1979	88,369	100.0	1,703	1,702	0.40
19.27						
250 Johnson Road.....	1977	75,000	100.0	1,090	1,090	0.26
14.53						
MORRIS TOWNSHIP						
340 Mt. Kemble Avenue.....	1985	387,000	100.0	5,530	5,530	1.31
14.29						
412 Mt. Kemble Avenue.....	1986	475,100	100.0	6,902	6,902	1.64
14.53						

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
MIDDLESEX COUNTY, NEW JERSEY		
EAST BRUNSWICK		
377 Summerhill Road.....	9.33	Greater New York Mutual Insurance Company (100%)
PLAINSBORO		
500 College Road East(7).....	21.21	Merrill Lynch Asset Mgmt (72%), Buchanan Ingersoll P.C. (17%)
SOUTH BRUNSWICK		
3 Independence Way.....	19.68	Merrill Lynch Pierce Fenner & Smith (72%)
WOODBRIDGE		
581 Main Street.....	16.19	First Investors Management Company, Inc. (38%), Cast North America Ltd. (11%)
MONMOUTH COUNTY, NEW JERSEY		
NEPTUNE		
3600 Route 66.....	13.39	The United States Life Insurance Company (100%)
WALL TOWNSHIP		
1305 Campus Parkway.....	18.14	Centennial Cellular Corp. (41%), McLaughlin, Bennett, Gelson (35%), NJ Natural Energy Co. (10%)
1350 Campus Parkway.....	15.86	Meridan Health Realty Corp. (22%), New Jersey National Bank/Core States (17%), Stephen E. Gertler Law Office (17%), Milestone Materials Inc. (16%), Hospital Computer Systems Inc. (11%)
MORRIS COUNTY, NEW JERSEY		
FLORHAM PARK		
325 Columbia Parkway.....	19.50	Bressler Amery & Ross (24%), Atlantic Health Systems (12%), Dun & Bradstreet Inc. (12%), QWest Communications Corp. (11%)
PARSIPPANY		
1 Sylvan Way(7).....	20.84	Cendant Operations Inc. (99%)
2 Dryden Way(7).....	10.69	Bright Horizons Childrens Center (100%)
2 Hilton Court(7).....	34.06	Deloitte & Touche USA LLP (66%), Northern Telecom Inc. (16%)
5 Sylvan Way(7).....	24.11	Integrated Communications (50%), Experian Information Solution (15%)
7 Campus Drive(7).....	16.42	Nabisco Inc. (100%)
7 Sylvan Way(7).....	19.90	Nabisco Inc. (100%)

8 Campus Drive(7).....	22.78	Prudential Insurance Co. (31%), Bay Networks Inc. (27%), MCI Telecommunications Corp. (18%), Ayco Company LP (13%)
600 Parsippany Road.....	16.06	Metropolitan Life Insurance Co. (36%), IBM Corporation (30%)
MORRIS PLAINS		
201 Littleton Road.....	19.26	Xerox Corp. (35%), Bozell Worldwide Inc. (34%), Willis Corroon Corp. of New Jersey (20%), Chep USA (11%)
250 Johnson Road.....	14.53	Electronic Data Systems Corp. (100%)
MORRIS TOWNSHIP		
340 Mt. Kemble Avenue.....	14.29	AT&T Corp. (100%)
412 Mt. Kemble Avenue.....	14.53	AT&T Corp. (100%)

</TABLE>

<TABLE>
<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PASSAIC COUNTY, NEW JERSEY							
CLIFTON							
777 Passaic Avenue.....	1983	75,000	76.8	1,036	891	0.25	17.99
TOTOWA							
999 Riverview Drive.....	1988	56,066	95.1	937	914	0.22	17.57
WAYNE							
201 Willowbrook Boulevard.....	1970	178,329	99.0	2,446	2,435	0.58	13.85
SOMERSET COUNTY, NEW JERSEY							
BASKING RIDGE							
222 Mt. Airy Road.....	1986	49,000	100.0	434	434	0.10	8.86
233 Mt. Airy Road.....	1987	66,000	100.0	762	720	0.18	11.55
BRIDGEWATER							
721 Route 202/206.....	1989	192,741	100.0	3,900	3,900	0.92	20.23
UNION COUNTY, NEW JERSEY							
CLARK							
100 Walnut Avenue.....	1985	182,555	100.0	4,105	3,579	0.97	22.49
CRANFORD							
6 Commerce Drive.....	1973	56,000	100.0	996	912	0.24	17.79
11 Commerce Drive(6).....	1981	90,000	96.2	881	742	0.21	10.18
12 Commerce Drive.....	1967	72,260	90.6	594	594	0.14	9.07
20 Commerce Drive.....	1990	176,600	87.0	3,090	2,689	0.73	20.11
65 Jackson Drive.....	1984	82,778	100.0	1,636	1,233	0.39	19.76
NEW PROVIDENCE							
890 Mountain Road.....	1977	80,000	100.0	2,030	2,028	0.48	25.38

DUTCHESS COUNTY, NEW YORK						
FISHKILL						
300 South Lake Drive	1987	118,727	99.8	2,026	2,023	0.48
17.10						
NASSAU COUNTY, NEW YORK						
NORTH HEMPSTEAD						
111 East Shore Road	1980	55,575	100.0	1,528	1,528	0.36
27.49						
600 Community Drive	1983	206,274	100.0	4,966	4,966	1.17
24.07						

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
PASSAIC COUNTY, NEW JERSEY		
CLIFTON		
777 Passaic Avenue	15.47	Motorola Inc. (19%)
TOTOWA		
999 Riverview Drive	17.14	Bank of New York (56%), Commonwealth Land Title Insurance Co. (11%), Bankers Mortgage Company (10%)
WAYNE		
201 Willowbrook Boulevard	13.79	The Grand Union Co. (75%), Woodward-Clyde Consultants (24%)
SOMERSET COUNTY, NEW JERSEY		
BASKING RIDGE		
222 Mt. Airy Road	8.86	Lucent Technologies Inc. (100%)
233 Mt. Airy Road	10.91	AT&T Corp. (100%)
BRIDGEWATER		
721 Route 202/206	20.23	Allstate Insurance Company (37%), Norris, McLaughlin & Marcus, PA (31%), AT&T Corp. (20%)
UNION COUNTY, NEW JERSEY		
CLARK		
100 Walnut Avenue	19.61	BDSI, Inc. (41%), Allstate Insurance Company (13%), The Equitable Life Assurance Society of the United States (10%)
CRANFORD		
6 Commerce Drive	16.29	Kendle International Inc. (32%), PSE&G--American Resurgence (18%), Columbia National, Inc. (13%)
11 Commerce Drive(6)	8.57	Northeast Administrators Inc. (10%)
12 Commerce Drive	9.07	Dames & Moore (40%), Registrar & Transfer Co. (24%)
20 Commerce Drive	17.50	PSE&G--American Resurgence (26%), Quintiles Inc. (15%)
65 Jackson Drive	14.90	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	25.35	Allstate Insurance Co. (58%), Dun & Bradstreet (26%), K Line America, Inc. (16%)
DUTCHESS COUNTY, NEW YORK		
FISHKILL		

300 South Lake Drive.....	17.07	Allstate Insurance Company (16%)	
NASSAU COUNTY, NEW YORK			
NORTH HEMPSTEAD			
111 East Shore Road.....	27.49	Administrators For The Professions, Inc. (100%)	
600 Community Drive.....	24.07	CMP Media, Inc. (100%)	

</TABLE>

<TABLE>
<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ROCKLAND COUNTY, NEW YORK							
SUFFERN							
400 Rella Boulevard.....	1988	180,000	96.5	3,269	3,191	0.78	18.82
WESTCHESTER COUNTY, NEW YORK							
ELMSFORD							
100 Clearbrook Road(6).....	1975	60,000	100.0	693	676	0.16	11.55
101 Executive Boulevard.....	1971	50,000	94.2	877	861	0.21	18.62
570 Taxter Road.....	1972	75,000	91.4	1,431	1,414	0.34	20.88
HAWTHORNE							
1 Skyline Drive.....	1980	20,400	99.0	274	270	0.06	13.57
2 Skyline Drive.....	1987	30,000	98.9	394	394	0.09	13.28
17 Skyline Drive.....	1989	85,000	100.0	1,103	1,103	0.26	12.98
30 Saw Mill River Road.....	1982	248,400	100.0	5,216	4,919	1.24	21.00
7 Skyline Drive(7).....	1987	109,000	97.8	634	634	0.15	20.10
TARRYTOWN							
200 White Plains Road.....	1982	89,000	98.5	1,767	1,702	0.42	20.16
220 White Plains Road.....	1984	89,000	83.5	1,677	1,631	0.40	22.57
WHITE PLAINS							
1 Barker Avenue.....	1975	68,000	95.9	1,482	1,469	0.35	22.73
3 Barker Avenue.....	1983	65,300	100.0	1,380	1,351	0.33	21.13
1 Water Street.....	1979	45,700	99.8	899	893	0.21	19.71
11 Martine Avenue.....	1987	180,000	86.1	3,441	3,410	0.82	22.20
50 Main Street.....	1985	309,000	97.9	7,265	7,133	1.72	24.02
YONKERS							
1 Executive Boulevard.....	1982	112,000	100.0	2,270	2,209	0.54	20.27
3 Executive Plaza.....	1987	58,000	65.6	890	888	0.21	23.39
CHESTER COUNTY, PENNSYLVANIA							
BERWYN							
1000 Westlakes Drive.....	1989	60,696	100.0	1,361	1,359	0.32	22.42
1055 Westlakes Drive.....	1990	118,487	100.0	2,298	2,298	0.54	

19.39						
1205 Westlakes Drive.....	1988	130,265	99.8	2,782	2,774	0.66
21.40						
1235 Westlakes Drive.....	1986	134,902	98.4	2,827	2,824	0.67
21.30						

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
ROCKLAND COUNTY, NEW YORK		
SUFFERN		
400 Rella Boulevard.....	18.37	The Prudential Insurance Co. (21%), Provident Savings F.A. (20%), Allstate Insurance Co. (19%), John Alden Life Insurance Co. (11%)
WESTCHESTER COUNTY, NEW YORK		
ELMSFORD		
100 Clearbrook Road(6).....	11.27	MIM Corporation (18%), Amerihealth Inc. (13%)
101 Executive Boulevard.....	18.28	Pennysaver Group Inc. (23%), MCS Business Solutions Inc. (11%)
570 Taxter Road.....	20.63	Lincoln Financial Adivsors Inc. (16%), New York State United Teachers Association (10%)
HAWTHORNE		
1 Skyline Drive.....	13.37	Boxx International Corp. (50%), Childtime Childcare Inc. (49%)
2 Skyline Drive.....	13.28	MW Samara (56%), Perini Corp. (43%)
17 Skyline Drive.....	12.98	IBM Corp. (100%)
30 Saw Mill River Road.....	19.80	IBM Corp. (100%)
7 Skyline Drive(7).....	20.10	E.M. Industries Inc. (42%), Cortlandt Group Inc. (14%)
TARRYTOWN		
200 White Plains Road.....	19.41	Independent Health Associates (28%), Allmerica Financial (17%), NYS Dept. of Environmental CNS (13%)
220 White Plains Road.....	21.95	Clientsoft Inc. (13%), Eagle Family Foods Inc. (11%)
WHITE PLAINS		
1 Barker Avenue.....	22.53	O'Connor McGuinness Conte (19%), United Skys Realty Corp. (18%)
3 Barker Avenue.....	20.69	Bernard C. Harris Publishing Co. Inc. (56%)
1 Water Street.....	19.58	Trigen Energy Co. (48%), Stewart Title Insurance Co. (16%)
11 Martine Avenue.....	22.00	McCarthy Fingar Donovan (11%), David Worby (11%), Dean Witter Reynolds Inc. (11%)
50 Main Street.....	23.58	Heineken USA Inc. (10%), National Economic Research (10%)
YONKERS		
1 Executive Boulevard.....	19.72	Wise Contact US Optical Corp. (12%), Pedal Holdings Inc. (12%), Protective Tech International (11%), York, International Agency Inc. (11%)
3 Executive Plaza.....	23.34	Metropolitan Life Insurance (22%), Allstate Insurance Company (20%), City & Suburban Federal Savings Bank (15%)
CHESTER COUNTY, PENNSYLVANIA		
BERWYN		
1000 Westlakes Drive.....	22.39	PNC Bank, NA (38%), Drinker Biddle & Reath (24%), Manchester, Inc. (14%)

1055 Westlakes Drive.....	19.39	Tokai Financial Services Inc. (92%)
1205 Westlakes Drive.....	21.34	Provident Mutual Life Insurance Co. (35%), Oracle Corp. (30%)
1235 Westlakes Drive.....	21.27	Pepper Hamilton & Scheetz (18%), Ratner & Prestia (16%)

</TABLE>

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PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
DELAWARE COUNTY, PENNSYLVANIA							
MEDIA							
1400 Providence Road--Center I.....	1986	100,000	97.9	1,969	1,908	0.47	20.11
1400 Providence Road--Center II.....	1990	160,000	99.9	3,062	2,927	0.73	19.16
LESTER							
100 Stevens Drive.....	1986	95,000	99.7	2,074	2,073	0.49	21.90
200 Stevens Drive.....	1987	208,000	99.7	4,146	4,106	0.98	19.99
300 Stevens Drive.....	1992	68,000	100.0	1,441	1,438	0.34	21.19
MONTGOMERY COUNTY, PENNSYLVANIA							
LOWER PROVIDENCE							
1000 Madison Avenue.....	1990	100,700	96.5	1,650	1,650	0.39	16.98
PLYMOUTH MEETING							
Five Sentry Parkway East.....	1984	91,600	100.0	1,456	1,454	0.35	15.90
Five Sentry Parkway West.....	1984	38,400	100.0	640	640	0.15	16.67
1150 Plymouth Meeting Mall.....	1970	167,748	100.0	3,193	3,178	0.76	19.03
FAIRFIELD COUNTY, CONNECTICUT							
GREENWICH							
500 West Putnam.....	1973	121,250	100.0	2,480	2,474	0.59	22.62
NORWALK							
40 Richards Avenue(7).....	1985	145,487	97.1	876	863	0.21	20.03
SHELTON							
1000 Bridgeport Avenue.....	1986	133,000	100.0	2,453	2,433	0.58	18.44
DISTRICT OF COLUMBIA							
WASHINGTON							
1400 L Street, NW(7).....	1987	159,000	86.2	3,165	3,164	0.75	39.38
1709 New York Avenue, NW(7).....	1972	166,000	94.4	3,731	3,731	0.88	40.61
PRINCE GEORGE'S COUNTY, MARYLAND							
LANHAM							
4200 Parliament Place(7).....	1989	122,000	80.0	1,032	1,028	0.24	22.84

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
DELAWARE COUNTY, PENNSYLVANIA		
MEDIA		
1400 Providence Road--Center I.........	19.49	General Services Admin (13%), Erie Insurance Company (11%)
1400 Providence Road--Center II........	18.31	Barnett International (36%)
LESTER		
100 Stevens Drive......................	21.89	SAP America, Inc. (82%)
200 Stevens Drive......................	19.80	PNC Bank NA (52%), Keystone Mercy Health Plan (42%)
300 Stevens Drive......................	21.15	SAP America, Inc. (50%), Keystone Mercy Health Plan (28%)
MONTGOMERY COUNTY, PENNSYLVANIA		
LOWER PROVIDENCE		
1000 Madison Avenue....................	16.98	Reality Online Inc. (37%), First Chicago Nat'l Proc. (21%), Danka Corp. (14%), Seton Company (12%)
PLYMOUTH MEETING		
Five Sentry Parkway East...............	15.87	Merck & Co. Inc. (77%), Selas Fluid Processing Corp. (23%)
Five Sentry Parkway West...............	16.67	Merck & Co. Inc. (70%), David Cutler Group (30%)
1150 Plymouth Meeting Mall.............	18.95	Computer Learning Centers, Inc. (18%), Ken-Crest Services (17%), ATC Group Services Inc. (15%), ECC Management Services (13%)
FAIRFIELD COUNTY, CONNECTICUT		
GREENWICH		
500 West Putnam........................	22.57	Hachette Filipacchi Magazines (27%), Great Brands of Europe Inc. (13%), Winklevoss Consultants Inc. (12%), Orthapaedic Associates (11%)
NORWALK		
40 Richards Avenue(7)..................	19.73	--
SHELTON		
1000 Bridgeport Avenue.................	18.29	Weseley Software Development (22%), William Carter Company (20%), Unilever Home and Personal CA (15%), Toyota Motor Credit Corp. (11%), Land Star System, Inc. (11%)
DISTRICT OF COLUMBIA		
WASHINGTON		
1400 L Street, NW(7)...................	39.37	Winston & Strawn (59%)
1709 New York Avenue, NW(7)............	40.61	Board of Gov/Federal Reserve (71%), United States of America--GSA (13%)
PRINCE GEORGE'S COUNTY, MARYLAND		
LANHAM		
4200 Parliament Place(7)...............	22.75	Group I Software Inc. (43%), State Farm Mutual Auto Ins. Co. (11%)

</TABLE>

<TABLE>
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	NET RENTABLE	PERCENTAGE LEASED AS OF	1998 BASE	1998 EFFECTIVE	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/	1998 AVERAGE BASE RENT

PROPERTY LOCATION	YEAR BUILT	AREA (SQ. FT.)	12/31/98 (%)(1)	RENT ($000)(2)	RENT ($000)(3)	WAREHOUSE BASE RENT (%)	PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BEXAR COUNTY, TEXAS							
SAN ANTONIO							
111 Soledad	1918	248,153	90.7	2,346	2,320	0.56	10.42
1777 N.E. Loop 410	1986	256,137	94.8	3,533	3,504	0.84	14.55
84 N.E. Loop 410	1971	187,312	89.3	2,497	2,497	0.59	14.93
200 Concord Plaza Drive	1986	248,700	98.8	4,290	4,280	1.02	17.46
COLLIN COUNTY, TEXAS							
PLANO							
555 Republic Place	1986	97,889	94.7	1,389	1,379	0.33	14.98
DALLAS COUNTY, TEXAS							
DALLAS							
3030 LBJ Freeway(6)	1984	367,018	93.5	5,863	5,803	1.38	17.09
3100 Monticello	1984	173,837	93.7	2,577	2,571	0.61	15.82
8214 Westchester	1983	95,509	96.2	1,418	1,417	0.34	15.43
IRVING							
2300 Valley View	1985	142,634	97.5	2,311	2,292	0.55	16.62
RICHARDSON							
1122 Alma Road	1977	82,576	100.0	607	607	0.14	7.35
HARRIS COUNTY, TEXAS							
HOUSTON							
10497 Town & Country Way	1981	148,434	91.5	1,886	1,869	0.45	13.89
14511 Falling Creek	1982	70,999	84.6	650	646	0.15	10.82
1717 St. James Place	1975	109,574	99.0	1,299	1,278	0.31	11.97
1770 St. James Place	1973	103,689	99.0	1,209	1,192	0.29	11.78
5225 Katy Freeway	1983	112,213	91.0	1,134	1,127	0.27	11.11
5300 Memorial	1982	155,099	99.4	1,956	1,952	0.46	12.69
POTTER COUNTY, TEXAS							
AMARILLO							
6900 IH--40 West	1986	71,771	74.9	522	515	0.12	9.71
TARRANT COUNTY, TEXAS							
EULESS							
150 West Parkway	1984	74,429	99.7	1,000	997	0.24	13.48

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>

BEXAR COUNTY, TEXAS SAN ANTONIO 111 Soledad		10.31	SBC Communications, Inc. (34%)				
1777 N.E. Loop 410		14.43	--				
84 N.E. Loop 410		14.93	Pacificare of Texas, Inc. (30%), KBL Cable, Inc. (26%), Kraft General				
			Foods Inc. (25%)				
200 Concord Plaza Drive		17.42	Merrill Lynch Pierce Fenner Smith (12%)				
COLLIN COUNTY, TEXAS PLANO 555 Republic Place		14.88	William Smith Enterprises (22%), Texas Health Choice (17%), Dayton Hudson				
			Corporation (14%)				
DALLAS COUNTY, TEXAS DALLAS 3030 LBJ Freeway(6)		16.91	Club Corporation of America (32%)				
3100 Monticello		15.78	Insignia Commercial, Inc. (23%), Time Marketing Corporation/Evans Group				
			(12%), Heath Insurance Brokers, Inc. (10%)				
8214 Westchester		15.42	Preston Business Center, Inc. (15%), Malone Mortgage Company of America,				
			Inc. (12%), State Bank & Trust Co. (11%)				
IRVING 2300 Valley View		16.48	Nokia, Inc. (38%), Alltel Information Services, Inc. (18%), Computer Task				
			Group, Inc. (12%), Tricon Restaurant Services (11%)				
RICHARDSON 1122 Alma Road		7.35	MCI Telecommunications Corp. (100%)				
HARRIS COUNTY, TEXAS HOUSTON 10497 Town & Country Way		13.76	Vastar Resources, Inc. (23%), Texas Ohio Gas, Inc. (11%)				
14511 Falling Creek		10.75	Nationwide Mutual Insurance Company (12%)				
1717 St. James Place		11.78	MCX Corp (14%), Home Loan Corporation (10%)				
1770 St. James Place		11.61	Neosoft Inc. (10%)				
5225 Katy Freeway		11.04	--				
5300 Memorial		12.66	Drypers Corporation (20%), Datavox, Inc. (20%), HCI Chemicals (USA) Ltd.				
			Inc. (15%)				
POTTER COUNTY, TEXAS AMARILLO 6900 IH--40 West		9.58	Sitel Corporation (16%)				
TARRANT COUNTY, TEXAS EULESS 150 West Parkway		13.44	Warrantech Automotive, Inc. (34%), Landmark BankMid-Cities (18%), Mike				
			Bowman Realtors/Century 21 (17%)				

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PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT.

($)(4)

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
TRAVIS COUNTY, TEXAS							
AUSTIN							
1250 Capital of Texas Hwy. South(7)....	1985	270,703	99.5	4,369	4,360	1.04	20.07
MARICOPA COUNTY, ARIZONA							
GLENDALE							
5551 West Talavi Boulevard.....	1991	181,596	100.0	1,454	1,451	0.34	8.01
PHOENIX							
19640 North 31st Street.....	1990	124,171	100.0	1,584	1,572	0.38	12.76
20002 North 19th Avenue.....	1986	119,301	100.0	679	679	0.16	5.69
SCOTTSDALE							
9060 E. Via Linda Boulevard.....	1984	111,200	100.0	2,161	2,161	0.51	19.43
SAN FRANCISCO COUNTY, CALIFORNIA							
SAN FRANCISCO							
760 Market Street.....	1908	267,446	87.7	4,512	4,490	1.07	19.24
ARAPAHOE COUNTY, COLORADO							
AURORA							
750 South Richfield Street(7).....	1997	108,240	100.0	1,642	1,642	0.39	26.75
DENVER							
400 South Colorado Boulevard(7).....	1983	125,415	94.5	1,048	1,041	0.25	15.22
ENGLEWOOD							
5350 South Roslyn Street (6) (7).....	1982	63,754	100.0	816	815	0.19	16.68
9359 East Nichols Avenue(7).....	1997	72,610	100.0	509	509	0.12	12.36
BOULDER COUNTY, COLORADO							
BROOMFIELD							
105 South Technology Court(7).....	1997	37,574	100.0	340	340	0.08	15.95
303 South Technology Court-A(7).....	1997	34,454	100.0	290	290	0.07	10.97
303 South Technology Court-B(7).....	1997	40,416	100.0	341	341	0.08	11.00
LOUISVILLE							
1172 Century Drive(7).....	1996	49,566	100.0	467	467	0.11	12.28
248 Centennial Parkway(7).....	1996	39,266	93.1	370	370	0.09	13.19
285 Century Place(7).....	1997	69,145	100.0	617	617	0.15	15.73
DENVER COUNTY, COLORADO							
DENVER							
3600 South Yosemite(7).....	1974	133,743	100.0	812	812	0.19	9.51

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98

TRAVIS COUNTY, TEXAS		
AUSTIN		
1250 Capital of Texas Hwy. South(7)....	20.03	Intelliquest Inc. (14%)
MARICOPA COUNTY, ARIZONA		
GLENDALE		
5551 West Talavi Boulevard.....	7.99	Honeywell, Inc. (100%)
PHOENIX		
19640 North 31st Street.....	12.66	American Express (100%)
20002 North 19th Avenue.....	5.69	American Express (100%)
SCOTTSDALE		
9060 E. Via Linda Boulevard.....	19.43	Sentry Insurance (63%), Rite Aid Corporation (37%)
SAN FRANCISCO COUNTY, CALIFORNIA		
SAN FRANCISCO		
760 Market Street.....	19.14	Macy's c/o Federated Department Stores (19%)
ARAPAHOE COUNTY, COLORADO		
AURORA		
750 South Richfield Street(7).....	26.75	T.R.W. Inc. (100%)
DENVER		
400 South Colorado Boulevard(7).....	15.12	Community Health Plan (12%), Department of Revenue (12%), Norwest Bank Colorado N.A. (11%), Senter GoldFarb & Rice (10%)
ENGLEWOOD		
5350 South Roslyn Street (6) (7).....	16.66	Westland Enterprises (17%), Business World Inc. (17%)
9359 East Nichols Avenue(7).....	12.36	First Tennessee Bank NA (100%)
BOULDER COUNTY, COLORADO		
BROOMFIELD		
105 South Technology Court(7).....	15.95	Sun Microsystems Inc. (100%)
303 South Technology Court-A(7).....	10.97	Sun Microsystems Inc. (100%)
303 South Technology Court-B(7).....	11.00	Sun Microsystems Inc. (100%)
LOUISVILLE		
1172 Century Drive(7).....	12.28	Skyconnect Inc. (40%), Evolving Systems Inc. (22%), MCI Systemhouse Corp. (22%), RX Kinetix Inc. (16%)
248 Centennial Parkway(7).....	13.19	Rock Bottom Restaurants Inc. (59%), Aircell Inc. (28%)
285 Century Place(7).....	15.73	HBO & Company of Georgia (100%)
DENVER COUNTY, COLORADO		
DENVER		
3600 South Yosemite(7).....	9.51	M.D.C. Holdings Inc. (100%)

</TABLE>

<TABLE>
<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
DOUGLAS COUNTY, COLORADO							
ENGLEWOOD							
384 Inverness Drive South(7).....	1985	51,523	100.0	603	594	0.14	15.26
400 Inverness Drive(7).....	1997	111,608	99.9	1,343	1,339	0.32	21.24
5975 South Quebec Street(7).....	1996	102,877	98.7	1,728	1,725	0.41	

22.18						
67 Inverness Drive East(7).....	1996	54,280	100.0	489	489	0.12
11.74						
PARKER						
9777 Pyramid Court(7).....	1995	120,281	100.0	1,021	1,021	0.24
11.06						
EL PASO COUNTY, COLORADO						
COLORADO SPRINGS						
1975 Research Parkway(7).....	1997	115,250	95.7	719	710	0.17
11.49						
JEFFERSON COUNTY, COLORADO						
LAKEWOOD						
141 Union Boulevard(7).....	1985	63,600	94.7	739	720	0.18
15.99						
HILLSBOROUGH COUNTY, FLORIDA						
TAMPA						
501 Kennedy Boulevard.....	1982	297,429	89.7	3,402	3,389	0.81
12.75						
POLK COUNTY, IOWA						
WEST DES MOINES						
2600 Westown Parkway.....	1988	72,265	98.2	1,088	1,079	0.26
15.33						
DOUGLAS COUNTY, NEBRASKA						
OMAHA						
210 South 16th Street.....	1894	319,535	95.0	3,225	3,216	0.76
10.62						
Total Office Properties.....		22,420,331	97.11	$ 377,828	$ 370,248	89.56
$ 18.51						

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
DOUGLAS COUNTY, COLORADO		
ENGLEWOOD		
384 Inverness Drive South(7).....	15.03	Quickpen International Corp. (37%), United States of America--GSA (19%)
400 Inverness Drive(7).....	21.17	Convergent Communications Inc. (26%), Summit Group Inc. (22%), Compuware Corp. (17%), Ani Colorado Inc./Alliance Int'l (16%)
5975 South Quebec Street(7).....	22.14	Northern Telecom Inc. (43%), Silicon Graphics Inc. (28%)
67 Inverness Drive East(7).....	11.74	T-Netix Inc. (69%), Convergent Communications Inc. (31%)
PARKER		
9777 Pyramid Court(7).....	11.06	Evolving System Inc. (100%)
EL PASO COUNTY, COLORADO		
COLORADO SPRINGS		
1975 Research Parkway(7).....	11.35	Bombardier Capital Florida (69%), Concert Management Services (18%)
JEFFERSON COUNTY, COLORADO		
LAKEWOOD		
141 Union Boulevard(7).....	15.58	Arbitration Forums Inc. (18%), Special District Management (11%)
HILLSBOROUGH COUNTY, FLORIDA		
TAMPA		
501 Kennedy Boulevard.....	12.70	Fowler, White, Gillen, Boggs, Villareal & Banker, PA (33%),

		Engineers & Constructors, Inc. (31%)
POLK COUNTY, IOWA WEST DES MOINES 2600 Westown Parkway.....	15.20	St. Paul Fire and Marine Insurance Company (19%), MCI Telecommunications
		Corp. (14%), New England Mutual Life Insurance Company (13%), American
		Express Financial Advisors, Inc. (12%)
DOUGLAS COUNTY, NEBRASKA OMAHA 210 South 16th Street.....	10.59	Union Pacific Railroad Company (70%)
Total Office Properties.....	$ 18.16	

</TABLE>

<TABLE>
<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OFFICE/FLEX PROPERTIES							
BURLINGTON COUNTY, NEW JERSEY							
BURLINGTON							
3 Terri Lane(7)	1991	64,500	82.8	486	486	0.12	9.89
5 Terri Lane(7)	1992	74,555	100.0	506	505	0.12	7.37
MOORESTOWN							
1 Executive Drive(7)	1989	20,570	43.0	115	115	0.03	14.12
101 Commerce Drive(7)	1988	64,700	100.0	335	315	0.08	5.62
101 Executive Drive(7)	1990	29,355	84.2	205	205	0.05	9.01
102 Executive Drive(7)	1990	64,000	80.0	321	314	0.08	6.81
1256 North Church(7)	1984	63,495	100.0	316	289	0.07	5.41
1507 Lancer Drive(7)	1995	32,700	100.0	28	28	0.01	0.93
1510 Lancer Drive(7)	1998	88,000	100.0	171	171	0.04	4.15
201 Commerce Drive(7)	1986	38,400	100.0	178	178	0.04	5.04
225 Executive Drive(7)	1990	50,600	85.8	243	233	0.06	6.08
30 Twosome Drive(7)	1997	39,675	100.0	205	205	0.05	5.61
40 Twosome Drive(7)	1996	40,265	100.0	255	255	0.06	6.88
50 Twosome Drive(7)	1997	34,075	100.0	248	248	0.06	7.91
840 North Lenola(7)	1995	38,300	100.0	250	250	0.06	7.09
844 North Lenola(7)	1995	28,670	100.0	196	196	0.05	7.43
97 Foster Road(7)	1982	43,200	100.0	170	170	0.04	4.27
WEST DEPTFORD							
1451 Metropolitan Drive(7)	1996	21,600	100.0	137	137	0.03	6.89

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
OFFICE/FLEX PROPERTIES		
BURLINGTON COUNTY, NEW JERSEY		
BURLINGTON		
3 Terri Lane(7)	9.89	Tempel Steel Company (18%), Signature Home Care (16%), BCM Engineers Inc. (15%), General Services Administrators (10%)
5 Terri Lane(7)	7.36	Actimed Laboratories Inc. (38%), Lykes Dispensing Systems Inc. (20%), West Electronics Inc. (12%)
MOORESTOWN		
1 Executive Drive(7)	14.12	T.T.I. (18%)
101 Commerce Drive(7)	5.29	Beckett Corporation (100%)
101 Executive Drive(7)	9.01	Bayada Nurses Inc. (24%), Total Package Marketing Inc. (20%), National Service Solutions (15%)
102 Executive Drive(7)	6.66	Comtrex Systems Corp. (29%), Commonwealth Scientific Corp. (21%), Judge Computer (20%), Judge Imaging Systems Inc. (10%)
1256 North Church(7)	4.94	Package Coordinators Inc. (50%), James C. Anderson Associates (30%), Ketec Inc. (20%)
1507 Lancer Drive(7)	0.93	Tad's Delivery Service Inc. (31%)
1510 Lancer Drive(7)	4.15	Tad's Delivery Service Inc. (100%)
201 Commerce Drive(7)	5.04	Flow Thru Metals Inc. (25%), Franchise Stores Realty Corp. (25%), RE/ Com Group (25%), Tropicana Products Inc. (25%)
225 Executive Drive(7)	5.83	Eastern Research Inc. (33%), Schermerhorn Brothers Inc. (19%), Bioclimatic Inc. (14%), Band-It Index Inc. (11%)
30 Twosome Drive(7)	5.61	Hartman Cards Inc. (28%), Sagot Office Interiors Inc. (24%), Aramark Sports/Entertainment (14%), The Closet Factory (12%), C&L Packaging Inc. (12%), Mosler Inc. (10%)
40 Twosome Drive(7)	6.88	Vitalink Pharmacy Services (49%), A.D.P. Inc. (37%), Bellstar Inc. (14%)
50 Twosome Drive(7)	7.91	Wells Fargo (44%), Sussex Wine Merchants (30%), McCarthy Associates Inc. (14%), Inacomp Financial Services (12%)
840 North Lenola(7)	7.09	Millar Elevator Service Co. (31%), Twin Pines Construction Co. (31%), Technology Service Solutions (25%), Computer Integration Services (13%)
844 North Lenola(7)	7.43	First Union National Bank (41%), Curbell Inc. (34%), James J. Martin Inc.

(25%)

97 Foster Road(7)..... 4.27 Consumer Response Company Inc. (50%), Pioneer and Company Inc. (33%),

Colornet Inc. (17%)

WEST DEPTFORD
1451 Metropolitan Drive(7)..... 6.89 Garlock Bearings Inc. (100%)

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<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
MERCER COUNTY, NEW JERSEY							
HAMILTON TOWNSHIP							
100 Horizon Drive.....	1989	13,275	100.0	226	226	0.05	17.02
200 Horizon Drive.....	1991	45,770	85.3	445	432	0.11	11.40
300 Horizon Drive.....	1989	69,780	100.0	912	903	0.22	13.07
500 Horizon Drive.....	1990	41,205	81.9	383	357	0.09	11.35
MONMOUTH COUNTY, NEW JERSEY							
WALL TOWNSHIP							
1320 Wykoff Avenue.....	1986	20,336	28.6	143	143	0.03	24.59
1324 Wykoff Avenue.....	1987	21,168	75.0	227	195	0.05	14.30
1325 Campus Parkway.....	1988	35,000	92.9	232	221	0.06	7.14
1340 Campus Parkway.....	1992	72,502	94.6	748	659	0.18	10.91
1345 Campus Parkway(7).....	1995	76,300	100.0	699	699	0.17	9.16
1433 Highway 34.....	1985	69,020	58.2	517	435	0.12	12.87
PASSAIC COUNTY, NEW JERSEY							
TOTOWA							
2 Center Court(7).....	1998	30,600	99.3	149	116	0.04	8.65
11 Commerce Way.....	1989	47,025	77.8	403	392	0.10	11.02
20 Commerce Way.....	1992	42,540	85.9	371	371	0.09	10.15
29 Commerce Way.....	1990	48,930	100.0	465	420	0.11	9.50
40 Commerce Way.....	1987	50,576	100.0	552	458	0.13	10.91
45 Commerce Way.....	1992	51,207	100.0	475	445	0.11	9.28
60 Commerce Way.....	1988	50,333	100.0	406	352	0.10	8.07
80 Commerce Way.....	1996	22,500	100.0	268	166	0.06	11.91
100 Commerce Way.....	1996	24,600	100.0	293	169	0.07	11.91
120 Commerce Way.....	1994	9,024	100.0	87	85	0.02	9.64
140 Commerce Way.....	1994	26,881	99.5	261	257	0.06	9.76

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
MERCER COUNTY, NEW JERSEY		
HAMILTON TOWNSHIP		
100 Horizon Drive	17.02	HIP of New Jersey Inc. (100%)
200 Horizon Drive	11.07	O.H.M. Remediation Services Corp. (85%)
300 Horizon Drive	12.94	State of NJ/DEP (50%), McFaul & Lyons Inc. (26%), Fluor Daniel GTI (24%)
500 Horizon Drive	10.58	Anacomp Inc. (30%), Lakeview Child Center Inc. (19%), NJ Builders Assoc. (14%), Diedre Moire Corp. (11%)
MONMOUTH COUNTY, NEW JERSEY		
WALL TOWNSHIP		
1320 Wykoff Avenue	24.59	Lucent Technologies Inc. (29%)
1324 Wykoff Avenue	12.28	Collectors Alliance Inc. (53%), Supply-Saver, Inc. (22%)
1325 Campus Parkway	6.80	American Press Inc. (71%), Centennial Cellular Corp. (14%)
1340 Campus Parkway	9.61	Groundwater Environmental Services Inc. (33%), GEAC Computers Inc. (22%), State Farm Co. (17%), Association For Retarded Citizens (11%), Digital Lightwave, Inc. (11%)
1345 Campus Parkway(7)	9.16	Depot America, Inc. (37%), Quadramed Corp. (24%), De Vine Corp. (11%)
1433 Highway 34	10.83	State Farm Mutual Insurance Co. (30%), New Jersey Natural Gas Co (11%)
PASSAIC COUNTY, NEW JERSEY		
TOTOWA		
2 Center Court(7)	6.73	Nomadic Display (36%), Electro Rent Corp. (33%), Alpine Electronics of America (30%)
11 Commerce Way	10.71	Coram Alternative Site Services (56%), Olsten Health Services (11%), Siemens Electromechanical (11%)
20 Commerce Way	10.15	Motorola Inc. (45%), Siemens Fiber Optics (41%)
29 Commerce Way	8.58	Sandvik Sorting Systems, Inc. (44%), Patterson Dental Supply Inc. (23%), Fujitec America Inc. (22%), Wiltel Communications LLC (11%)
40 Commerce Way	9.06	Thomson Electron Tubes (43%), Intertek Testing Services Inc. (29%), Snap-On, Inc. (14%), System 3R USA Inc. (14%)
45 Commerce Way	8.69	Ericsson Radio Systems Inc. (52%), Woodward-Clyde Consultants (27%), Security Technologies, Inc. (10%), Oakwood Corporate Housing (10%)
60 Commerce Way	6.99	Relectronic Service Corp. (43%), Ericsson Inc. (29%), Maxlite S.K. America (14%), HW Exhibits (14%)
80 Commerce Way	7.38	Hey Diddle Diddle Inc. (40%), Idexx Veterinary Services (37%), Inter-

		American Safety Council (12%), Bell Atlantic (11%)	
100 Commerce Way.....	6.87	Minolta Business Systems, Inc. (34%), Pharmamerica Inc. (34%), CCH Inc.	
		(32%)	
120 Commerce Way.....	9.42	Deerfield Healthcare (100%)	
140 Commerce Way.....	9.61	Advanced Image System Inc. (20%), MSR Publications Inc. (19%), Holder	
		Group, Inc. (11%), Alpha Testing (10%), Dairygold (10%), Showa Tool USA,	
		Inc. (10%), Telsource, Inc. (10%), Universal Hospital Services (10%)	

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<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
WESTCHESTER COUNTY, NEW YORK							
ELMSFORD							
1 Westchester Plaza.....	1967	25,000	100.0	292	284	0.07	11.68
2 Westchester Plaza.....	1968	25,000	100.0	407	407	0.10	16.28
3 Westchester Plaza.....	1969	93,500	100.0	1,094	1,093	0.26	11.70
4 Westchester Plaza.....	1969	44,700	92.4	573	549	0.14	13.87
5 Westchester Plaza.....	1969	20,000	100.0	276	274	0.07	13.80
6 Westchester Plaza.....	1968	20,000	78.0	201	198	0.05	12.88
7 Westchester Plaza.....	1972	46,200	100.0	617	615	0.15	13.35
8 Westchester Plaza.....	1971	67,200	100.0	889	803	0.21	13.23
11 Clearbrook Road.....	1974	31,800	100.0	324	323	0.08	10.19
75 Clearbrook Road.....	1990	32,720	100.0	816	816	0.19	24.94
150 Clearbrook Road.....	1975	74,900	100.0	1,014	1,006	0.24	13.54
175 Clearbrook Road.....	1973	98,900	65.8	897	862	0.21	13.78
200 Clearbrook Road.....	1974	94,000	99.7	793	781	0.19	8.46
250 Clearbrook Road.....	1973	155,000	83.6	1,124	1,123	0.27	8.67
50 Executive Boulevard.....	1969	45,200	97.2	383	379	0.09	8.72
77 Executive Boulevard.....	1977	13,000	100.0	180	179	0.04	13.85
85 Executive Boulevard.....	1968	31,000	99.4	387	384	0.09	12.56
300 Executive Boulevard.....	1970	60,000	99.7	575	575	0.14	9.61
350 Executive Boulevard.....	1970	15,400	98.8	243	243	0.06	15.97
399 Executive Boulevard.....	1962	80,000	89.5	930	929	0.22	12.99
400 Executive Boulevard.....	1970	42,200	99.9	532	526	0.13	12.62
500 Executive Boulevard.....	1970	41,600	88.3	564	559	0.13	15.35

525 Executive Boulevard.....	1972	61,700	100.0	838	832	0.20
13.58						

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
<S>	<C>	<C>
WESTCHESTER COUNTY, NEW YORK		
ELMSFORD		
1 Westchester Plaza.....	11.36	British Apparel Collection (40%), American Greeting Corp. (20%), RS Knapp (20%), Thin Film Concepts Inc. (20%)
2 Westchester Plaza.....	16.28	Board of Cooperative Education (80%), Kin-Tronics Inc. (10%), Squires Productions Inc. (10%)
3 Westchester Plaza.....	11.69	Apria Healthcare Inc. (32%), Kangol Headware Inc. (28%), V-Band Corp. (16%), Dental Concepts Inc. (12%)
4 Westchester Plaza.....	13.29	Metropolitan Life (38%), EEV Inc. (34%), Arsys Innotech Corp. (13%)
5 Westchester Plaza.....	13.70	Kramer Scientific Corp. (26%), Rokonet Industries USA Inc. (25%), UA Plumbers Education Fund (25%), Fujitsu (12%), Furniture Etc. Inc. (12%)
6 Westchester Plaza.....	12.69	Signacon Controls Inc. (28%), Xerox Corp. (28%), Girard Rubber Co. (13%)
7 Westchester Plaza.....	13.31	Emigrant Savings Bank (69%), Fire End Croker Corp. (22%)
8 Westchester Plaza.....	11.95	Mamiya America Corp. (24%), Ciba Specialty Chemicals Corp. (19%), Kubra Data Transfer Ltd. (15%)
11 Clearbrook Road.....	10.16	Eastern Jungle Gym (27%), MCS Marketing Group Inc. (24%), Treetops Inc. (21%), Creative Medical Supplies (14%), Westchester Party Rental Inc. (14%)
75 Clearbrook Road.....	24.94	Evening Out Inc. (100%)
150 Clearbrook Road.....	13.43	Court Sports I LLC (24%), Philips Medical (18%), Transwestern Publications (12%)
175 Clearbrook Road.....	13.25	Hypres Inc (15%)
200 Clearbrook Road.....	8.33	Brunschwig & Fils Inc. (39%), Proftech Corp. (20%), WYSE Technology (15%)
250 Clearbrook Road.....	8.67	AFP Imaging Corp. (42%), The Artina Group Inc. (14%), Conri Services Inc. (11%)
50 Executive Boulevard.....	8.63	MMO Music Group (71%), Medical Billing Associates (22%)
77 Executive Boulevard.....	13.77	Bright Horizons Children (55%), WNN Corp. (45%)
85 Executive Boulevard.....	12.46	VREX Inc. (49%), Westhab Inc. (18%), John Caufield Fiber Optical (13%), Saturn II Systems Inc. (11%)

300 Executive Boulevard.....	9.61	Varta Batteries Inc. (44%), Princeton Ski Outlet Corp. (43%), LMG International Inc. (12%)
350 Executive Boulevard.....	15.97	Copytex Corp. (99%)
399 Executive Boulevard.....	12.97	American Banknote Holographic (74%), Wine Enthusiast Inc. (16%)
400 Executive Boulevard.....	12.48	Baker Engineering NY Inc. (39%), North American Van Lines (25%)
500 Executive Boulevard.....	15.22	Original Consumer (36%), Dover Elevator (16%), Angelica Corp. (16%), Charles Martine Inc.(13%)
525 Executive Boulevard.....	13.48	Vie De France Yamasaki Inc. (59%), New York Blood Center Inc. (21%)

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<TABLE>
<CAPTION>

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	PERCENTAGE OF TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
HAWTHORNE							
4 Skyline Drive.....	1987	80,600	96.8	1,137	1,044	0.27	14.57
8 Skyline Drive.....	1985	50,000	98.9	682	665	0.16	13.79
10 Skyline Drive.....	1985	20,000	100.0	278	260	0.07	13.90
11 Skyline Drive.....	1989	45,000	100.0	670	656	0.16	14.89
15 Skyline Drive.....	1989	55,000	100.0	856	789	0.20	15.56
200 Saw Mill River Road.....	1965	51,100	99.6	537	521	0.13	10.55
YONKERS							
1 Odell Plaza.....	1980	106,000	98.5	1,224	1,220	0.29	11.72
5 Odell Plaza.....	1983	38,400	99.6	498	498	0.12	13.02
7 Odell Plaza.....	1984	42,600	99.6	636	616	0.15	14.99
4 Executive Plaza.....	1986	80,000	99.9	989	937	0.23	12.37
6 Executive Plaza.....	1987	80,000	90.4	1,056	1,040	0.25	14.60
100 Corporate Boulevard.....	1987	78,000	78.5	1,208	1,206	0.29	19.73
200 Corporate Boulevard South.....	1990	84,000	99.8	1,314	1,295	0.31	15.67
FAIRFIELD COUNTY, CONNECTICUT							
STAMFORD							
419 West Avenue.....	1986	88,000	99.7	1,534	1,528	0.36	17.48
500 West Avenue.....	1988	25,000	100.0	332	328	0.08	13.28
550 West Avenue.....	1990	54,000	100.0	753	743	0.18	13.94
650 West Avenue(7).....	1998	40,000	100.0	105	85	0.02	13.69
Total Office/Flex Properties.....		3,941,952	93.76	$ 40,385	$ 38,972	9.62	$ 11.23

<CAPTION>

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
HAWTHORNE		
4 Skyline Drive	13.38	GEC Alsthom Int'l. (60%)
8 Skyline Drive	13.45	Cityscape Corp. (62%), Reveo Inc (29%)
10 Skyline Drive	13.00	Bi-Tronics Inc./LCA Sales Corp. (52%), Phoenix Systems Int'l (32%), Galson Corp. (16%)
11 Skyline Drive	14.58	Cube Computer (41%), Bowthorpe Holdings (19%), Agathon Machine Inc. (12%), Planned Parenthood (11%)
15 Skyline Drive	14.35	Tellabs Inc. (33%), Emisphere Technology (24%), Minolta Copier Corp. (16%)
200 Saw Mill River Road	10.24	Walter Degruyter Inc. (21%), Abscoa Industries Inc. (18%), Monohans Plumbing Inc. (17%), Argents Air Express Ltd. (12%)
YONKERS		
1 Odell Plaza	11.68	Court Sports II LLC (19%), Gannet Satellite Info Network (11%)
5 Odell Plaza	13.02	Voyerta Technologies Inc. (44%), Photo File Inc. (34%), Pharmerica Inc. (22%)
7 Odell Plaza	14.52	US Postal Service (41%), TT Systems Co. (24%), Bright Horizons (16%)
4 Executive Plaza	11.72	O.K. Industries (42%), E&B Giftware Inc. (22%), Universal Outdoor Advertising (12%)
6 Executive Plaza	14.38	Cablevision Systems Corp. (40%), Yonkers Savings & Loan Assoc. (11%)
100 Corporate Boulevard	19.70	MonteFiore Medical Center (19%), Sempra Energy Trading Corp. (13%), Minami International Corp. (12%), Medigene Inc. (11%)
200 Corporate Boulevard South	15.45	Belmay Inc. (32%), Montefiore Medical Center (23%) Advanced Viral Research Corp. (20%)
FAIRFIELD COUNTY, CONNECTICUT		
STAMFORD		
419 West Avenue	17.42	Fuji Medical Systems USA Inc. (80%)
500 West Avenue	13.12	Stamford Associates (26%), Convergent Communications (26%), Lead Trackers Inc. (20%), Seneca Media Group Inc. (17%), M. Cohen and Sons Inc. (11%)
550 West Avenue	13.76	Lifecodes Corp. (68%), Davidoff of Geneva Inc. (32%)
650 West Avenue(7)	11.08	Davidoff of Geneva (CT) Inc. (100%)
Total Office/Flex Properties	$ 10.81	

PROPERTY LOCATION	YEAR BUILT	NET RENTABLE AREA (SQ. FT.)	PERCENTAGE LEASED AS OF 12/31/98 (%)(1)	1998 BASE RENT ($000)(2)	1998 EFFECTIVE RENT ($000)(3)	TOTAL 1998 OFFICE, OFFICE/FLEX, AND INDUSTRIAL/ WAREHOUSE BASE RENT (%)	1998 AVERAGE BASE RENT PER SQ. FT. ($)(4)
INDUSTRIAL/WAREHOUSE PROPERTIES							
WESTCHESTER COUNTY, NEW YORK							
ELMSFORD							
1 Warehouse Lane	1957	6,600	100.0	57	56	0.01	8.64
2 Warehouse Lane	1957	10,900	100.0	114	113	0.03	10.46
3 Warehouse Lane	1957	77,200	100.0	269	269	0.06	3.48
4 Warehouse Lane	1957	195,500	88.9	1,855	1,826	0.44	10.67
5 Warehouse Lane	1957	75,100	94.8	678	672	0.16	9.52
6 Warehouse Lane	1982	22,100	100.0	504	504	0.12	22.81
Total Industrial/Warehouse Properties		387,400	93.39%	$ 3,477	$ 3,440	0.82	$ 9.61
Total Office, Office/Flex, and Industrial/ Warehouse Properties		26,749,683	96.56%	$ 421,690	$ 412,660	100.00	$ 17.35

PROPERTY LOCATION	1998 AVERAGE EFFECTIVE RENT PER SQ. FT. ($)(5)	TENANTS LEASING 10% OR MORE OF NET RENTABLE AREA PER PROPERTY AS OF 12/31/98
INDUSTRIAL/WAREHOUSE PROPERTIES		
WESTCHESTER COUNTY, NEW YORK		
ELMSFORD		
1 Warehouse Lane	8.48	JP Trucking Service Inc. (100%)
2 Warehouse Lane	10.37	RJ Bruno Roofing Inc. (55%), Savin Engineers PC (41%)
3 Warehouse Lane	3.48	United Parcel Service (100%)
4 Warehouse Lane	10.51	San Mar Laboratories Inc. (63%), Westinghouse Air Brake Co. (14%)
5 Warehouse Lane	9.44	F&V Distribution Co. (62%), E & H Tire Buying Service (19%)
6 Warehouse Lane	22.81	Conway Central Express (100%)
Total Industrial/Warehouse Properties	$ 9.51	
Total Office, Office/Flex, and Industrial/ Warehouse Properties	$ 16.99	

</TABLE>

SEE FOOTNOTES ON SUBSEQUENT PAGE.

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(1) Based on all leases in effect as of December 31, 1998.

(2) Total base rent for 1998, 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 1998 minus total 1998 amortization of tenant improvements, leasing commissions and other concessions and costs, determined in accordance with GAAP.

(4) Base rent for 1998 divided by net rentable square feet leased at December 31, 1998. For those properties acquired by the Company during 1998, amounts presented are annualized, as per Note 7.

(5) Effective rent for 1998 divided by net rentable square feet leased at December 31, 1998. For those properties acquired by the Company during 1998, amounts presented are annualized, as per Note 7.

(6) Excludes office space leased by the Company from base rent, effective rent and per square foot amounts.

(7) As this property was acquired or placed in service by the Company during 1998, the amounts represented in 1998 base rent and 1998 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 1998 average base rent per sq. ft. and 1998 average effective rent per sq. ft. for this property have been calculated by taking 1998 base rent and 1998 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, 1998. 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 1998.

RETAIL PROPERTIES

The Company owned two stand-alone retail properties as of December 31, 1998, described below:

The Company owns an 8,000 square foot restaurant, constructed in 1986, located at 2 Executive Plaza 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 $265,000, 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 in June 2012, includes scheduled rent increases in July 2002 to approximately $300,000 annually, and in July 2007 to approximately $345,000 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. 1998 total base rent for the property, calculated in accordance with GAAP, was approximately $301,356.

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 in August 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. 1998 total base rent for the property, calculated in accordance with GAAP, was approximately $195,000.

LAND LEASES

The Company owned two land leases as of December 31, 1998, described below:

The Company leases land 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 provided 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. 1998 total base rent under this lease, calculated in accordance with GAAP, was approximately $143,972.

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 in November 2000. 1998 total base rent under this lease, calculated in accordance with GAAP, was approximately $96,456. 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, 1998, 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 $721 per unit during 1998 and was approximately 98.2 percent leased as of December 31, 1998. The property had 1998 total base rent of approximately $2.8 million, which represented approximately 0.6 percent of the Company's 1998 total base rent. The average occupancy rate for the property in each of 1998, 1997 and 1996 was 96.0 percent, 95.5 percent, and 95.3 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 residential 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 $1,497 per unit during 1998 and was 97.6 percent leased as of December 31, 1998. The property also has retail space. The property had 1998 total base rent of approximately $2.3 million, which represented approximately 0.5 percent of the Company's 1998 total base rent. The average occupancy rate for the property in each of 1998, 1997 and 1996 was 96.4 percent, 97.6 percent, and 96.4 percent, respectively.

REDEVELOPMENT OFFICE PROPERTY

As of December 31, 1998, the Company owned 2115 Linwood Avenue, a 68,000 square-foot vacant office building located in Fort Lee, Bergen County, New Jersey, which the Company is redeveloping for future lease-up and operation.

OCCUPANCY

The table below sets forth the year-end percentage of square feet leased in the Company's in-service Properties for the last five years:

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,	PERCENTAGE OF SQUARE FEET LEASED (%)
<S>	<C>
1998	96.6
1997	95.8
1996	96.4
1995	92.5
1994	93.2

</TABLE>

SIGNIFICANT TENANTS

The following table sets out a schedule of the Company's 20 largest tenants, for wholly-owned properties as of December 31, 1998, based upon annualized base rents:

<TABLE>
<CAPTION>

YEAR OF LEASE EXPIRATION	NUMBER OF PROPERTIES	ANNUALIZED BASE RENTAL REVENUE (1)	PERCENTAGE OF COMPANY ANNUALIZED BASE RENTAL REVENUE (%)	SQUARE FEET LEASED	PERCENTAGE OF COMPANY LEASED SQ. FT. (%)
<S>	<C>	<C>	<C>	<C>	<C>
AT&T Corporation	5	$ 13,825,038	3.2	971,501	3.8
2009(2)					
Donaldson, Lufkin & Jenrette Securities Corp.	1	7,943,706	1.8	420,672	1.7
2009					
AT&T Wireless Services	2	7,826,368	1.8	365,593	1.4
2007					
International Business Machines					

Corporation.....	6	7,639,928	1.8	396,912	1.6
2007(3)					
Dow Jones Telerate Systems Inc.....	1	7,436,452	1.7	373,132	1.5
2006(4)					
Nabisco Inc.....	3	5,921,014	1.4	321,735	1.3
2000(5)					
Allstate Insurance Company.....	9	5,829,329	1.3	270,796	1.1
2009(6)					
Prentice-Hall Inc.....	1	5,794,893	1.3	474,801	1.9
2014					
Toys "R" Us--NJ, Inc.....	1	5,342,672	1.2	242,518	1.0
2012					
American Institute of Certified Public Accountants (AICPA).....	1	4,981,357	1.1	249,768	1.0
2012					
CMP Media Inc.....	1	4,826,107	1.1	206,274	0.8
2014					
Board of Gov./Federal Reserve....	1	4,432,397	1.0	117,008	0.5
2009(7)					
Winston & Strawn.....	1	3,765,833	0.9	94,283	0.4
2003					
KPMG Peat Marwick, LLP.....	2	3,510,412	0.8	161,760	0.6
2007(8)					
Bankers Trust Harborside Inc.....	1	3,272,500	0.8	385,000	1.5
2003					
Morgan Stanley Dean Witter.....	1	3,188,532	0.7	179,131	0.7
2008					
Deloitte & Touche USA LLP.....	1	3,162,933	0.7	118,864	0.5
2000					
NTT Data Corporation.....	1	3,036,880	0.7	136,960	0.5
2005					
PNC Bank N.A.....	3	2,967,979	0.7	146,459	0.6
2003(9)					
Cendant Operations Inc.....	1	2,854,614	0.7	135,934	0.5
2008					
Totals.....		$ 107,558,944	24.7	5,769,101	22.9

</TABLE>

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(1) Annualized base rental revenue is based on actual December 1998 billing times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998 annualized base rental revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results for the year ended December 31, 1998 may differ from those set forth above.

(2) 39,183 square feet expire February 2000; 66,268 square feet expire December 2000; 3,950 square feet expire August 2002; 475,100 square feet expire January 2008; 387,000 square feet expire January 2009.

(3) 6,542 square feet expire April 1999; 29,157 square feet expire October 2000; 85,000 square feet expire December 2000; 26,749 square feet expire January 2002; 1,065 square feet expire November 2002; 248,399 square feet expire December 2007.

(4) 39,985 square feet expire June 1999; 283,260 square feet expire June 2000; 4,700 square feet expire March 2001; 45,187 square feet expire June 2006.

(5) 21,357 square feet expire March 1999; 300,378 square feet expire December 2000.

(6) 22,444 square feet expire July 2001; 70,517 square feet expire June 2002; 71,030 square feet expire September 2002; 18,882 square feet expire April 2003; 2,867 square feet expire January 2004; 36,305 square feet expire January 2005; 6,108 square feet expire August 2006; 31,143 square feet expire April 2008; 11,500 square feet expire January 2009.

(7) 94,719 square feet expire May 2005; 22,289 square feet expire June 2009.

(8) 104,556 square feet expire September 2002; 57,204 square feet expire July 2007.

(9) 23,337 square feet expire October 1999; 107,320 square feet expire February 2000; 15,802 square feet expire August 2003.

SCHEDULE OF LEASE EXPIRATIONS

The following table sets forth a schedule of the lease expirations for the total of the wholly-owned office, office/flex and industrial/warehouse properties beginning January 1, 1999, 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.)(1)	PERCENTAGE OF TOTAL LEASED SQUARE FEET REPRESENTED BY EXPIRING LEASES (%)(2)	ANNUALIZED BASE RENTAL REVENUE UNDER EXPIRING LEASES(3)	AVERAGE ANNUAL RENT PER NET RENTABLE SQUARE FOOT REPRESENTED BY EXPIRING LEASES	PERCENTAGE OF BASE ANNUAL RENT UNDER EXPIRING LEASES (%)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1999	561	2,248,282	8.8	$ 39,556,954	$ 17.59	9.1
2000	500	4,207,612	16.5	71,008,335	16.88	16.4
2001	485	2,881,985	11.3	46,854,713	16.26	10.8
2002	374	3,188,941	12.5	55,613,195	17.44	12.8
2003	360	3,747,096	14.7	63,456,710	16.93	14.6
2004	98	1,518,445	6.0	24,623,059	16.22	5.7
2005	72	1,253,643	4.9	24,969,295	19.92	5.8
2006	39	747,973	2.9	14,129,895	18.89	3.3
2007	32	1,161,650	4.6	22,198,687	19.11	5.1
2008	32	1,416,405	5.6	22,077,078	15.59	5.1
2009	18	1,104,856	4.3	19,393,870	17.55	4.5
2010 and thereafter	28	1,962,960	7.9	29,696,020	15.13	6.8
Totals/Weighted Average	2,599	25,439,848	100.0(4)	$ 433,577,811	$ 17.04	100.0

</TABLE>

- ------------------------------

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

(2) Excludes all space vacant as of December 31, 1998.

(3) Annualized base rental revenue is based on actual December 1998 billings times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998, annualized base rental revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results for the year ended December 31, 1998 may differ from those set forth above.

(4) Reconciliation to Company's total net rentable square footage is as follows:

<TABLE>
<CAPTION>

	SQUARE FEET	PERCENTAGE OF TOTAL
<S>	<C>	<C>
Square footage leased to commercial tenants	25,439,848	95.1%
Square footage used for corporate offices, management offices, building use, retail tenants, food services, other anciliary service tenants and occupancy adjustments	407,609	1.5
Square footage vacant	919,526	3.4
Total net rentable square footage (does not include residential, land lease, retail or not-in-service properties)	26,766,983	100.0%

</TABLE>

SCHEDULE OF LEASE EXPIRATIONS: OFFICE PROPERTIES

The following table sets forth a schedule of the lease expirations for the Office Properties beginning January 1, 1999, 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.)(1)	PERCENTAGE OF TOTAL LEASED SQUARE FEET REPRESENTED BY EXPIRING LEASES (%)(2)	ANNUALIZED BASE RENTAL REVENUE UNDER EXPIRING LEASES(3)	AVERAGE ANNUAL RENT PER NET RENTABLE SQUARE FOOT REPRESENTED BY EXPIRING LEASES	PERCENTAGE OF BASE ANNUAL RENT UNDER EXPIRING LEASES (%)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1999	479	1,768,091	8.3	$ 34,655,892	$ 19.60	8.9
2000	419	3,515,089	16.5	63,697,337	18.12	16.4
2001	400	2,254,109	10.6	39,609,773	17.57	10.2
2002	299	2,509,326	11.7	48,215,382	19.21	12.4
2003	302	3,172,457	14.9	57,869,143	18.24	14.9
2004	78	1,220,194	5.7	21,135,616	17.32	5.4
2005	57	1,062,346	5.0	22,897,475	21.55	5.9
2006	32	554,481	2.6	10,838,389	19.55	2.8
2007	27	1,049,969	4.9	20,625,703	19.64	5.3
2008	30	1,314,545	6.2	21,612,570	16.44	5.6
2009	15	1,057,956	5.0	18,757,850	17.73	4.8
2010 and thereafter	25	1,878,272	8.6	28,580,471	15.22	7.4
Totals/Weighted Average	2,163	21,356,835	100.0	$ 388,495,601	$ 18.19	100.0

</TABLE>

- ------------------------------

(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, 1998.

(3) Annualized base rental revenue is based on actual December 1998 billings times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998, annualized base rental revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results for the year ended December 31, 1998 may differ from those set forth above.

SCHEDULE OF LEASE EXPIRATIONS: OFFICE/FLEX PROPERTIES

The following table sets forth a schedule of the lease expirations for the Office/flex Properties beginning January 1, 1999, 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.)(1)	PERCENTAGE OF TOTAL LEASED SQUARE FEET REPRESENTED BY EXPIRING LEASES (%)(2)	ANNUALIZED BASE RENTAL REVENUE UNDER EXPIRING LEASES(3)	AVERAGE ANNUAL RENT PER NET RENTABLE SQUARE FOOT REPRESENTED BY EXPIRING LEASES	PERCENTAGE OF ANNUAL BASE RENT UNDER EXPIRING LEASES (%)

</TABLE>

1999	77	471,356	12.7	$ 4,810,642	$ 10.21	11.7
2000	76	626,479	16.9	6,651,722	10.62	16.2
2001	81	599,329	16.2	6,676,885	11.14	16.2
2002	74	669,465	18.1	7,293,268	10.89	17.7
2003	55	483,165	13.0	5,161,814	10.68	12.5
2004	14	132,031	3.6	1,697,843	12.86	4.1
2005	15	191,297	5.2	2,071,820	10.83	5.0
2006	7	193,492	5.2	3,291,506	17.01	8.0
2007	5	111,681	3.0	1,572,984	14.08	3.8
2008	2	101,860	2.8	464,508	4.56	1.1
2009	3	46,900	1.3	636,020	13.56	1.5
2010 and thereafter	2	76,688	2.0	850,549	11.09	2.2
Totals/Weighted Average	411	3,703,743	100.0	$ 41,179,561	$ 11.12	100.0

- ---

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

(2) Excludes all space vacant as of December 31, 1998.

(3) Annualized base rental revenue is based on actual December 1998 billings times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998, annualized base rental revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results for the year ended December 31, 1998 may differ from those set forth above.

SCHEDULE OF LEASE EXPIRATIONS: INDUSTRIAL/WAREHOUSE PROPERTIES

The following table sets forth a schedule of the lease expirations for the Industrial/Warehouse Properties beginning January 1, 1999, assuming that none of the tenants exercises renewal options:

YEAR OF EXPIRATION	NUMBER OF LEASES EXPIRING(1)	NET RENTABLE AREA SUBJECT TO EXPIRING LEASES (SQ. FT.)(1)	PERCENTAGE OF TOTAL LEASED SQUARE FEET REPRESENTED BY EXPIRING LEASES (%)(2)	ANNUALIZED BASE RENTAL REVENUE UNDER EXPIRING LEASES(3)	AVERAGE ANNUAL RENT PER NET RENTABLE SQUARE FOOT REPRESENTED BY EXPIRING LEASES
1999	5	8,835	2.4	$ 90,420	$ 10.23
2000	5	66,044	18.2	659,276	9.98
2001	4	28,547	7.9	568,055	19.90
2002	1	10,150	2.8	104,545	10.30
2003	3	91,474	25.3	425,753	4.65
2004	5	156,920	43.4	1,594,600	10.16
Totals/Weighted Average	23	361,970	100.0	$ 3,442,649	$ 9.51

PERCENTAGE OF

YEAR OF EXPIRATION	ANNUAL BASE RENT UNDER EXPIRING LEASES (%)
1999	2.6
2000	19.2
2001	16.5
2002	3.0
2003	12.4
2004	46.3
Totals/Weighted Average	100.0

</TABLE>

- ------------------------------

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

(2) Excludes all space vacant as of December 31, 1998.

(3) Annualized base rental revenue is based on actual December 1998 billings times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998, annualized base rent revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, the historical results for the year ended December 31, 1998 may differ from those set forth above.

SCHEDULE OF LEASE EXPIRATIONS: STAND-ALONE RETAIL PROPERTIES

The following table sets forth a schedule of the lease expirations for the stand-alone retail properties beginning January 1, 1999, 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.)(1)	PERCENTAGE OF TOTAL LEASED SQUARE FEET REPRESENTED BY EXPIRING LEASES (%)	ANNUALIZED BASE RENTAL REVENUE UNDER EXPIRING LEASES(2)	AVERAGE ANNUAL RENT PER NET RENTABLE SQUARE FOOT REPRESENTED BY EXPIRING LEASES
2004	1	9,300	53.8	$ 195,000	$ 20.97
2010	1	8,000	46.2	265,000	33.13
Totals/Weighted Average	2	17,300	100.0	$ 460,000	$ 26.59

<CAPTION>

YEAR OF EXPIRATION	PERCENTAGE OF ANNUAL BASE RENT UNDER EXPIRING LEASES (%)
2004	42.4
2010	57.6
Totals/Weighted Average	100.0

</TABLE>

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(1) Includes stand-alone retail property tenants only.

(2) Annualized base rental revenue is based on actual December 1998 billings times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998, annualized base rental revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results for the year ended December 31, 1998 may differ from those set forth above.

INDUSTRY DIVERSIFICATION

The following table lists the Company's 30 largest industry classifications (NAICS) for its Properties, based on annualized base rent:

<TABLE>
<CAPTION>

INDUSTRY CLASSIFICATION (NAICS)(3)	ANNUALIZED BASE RENTAL REVENUE (1)(2)	PERCENTAGE OF COMPANY ANNUALIZED BASE RENTAL REVENUE (%)	SQUARE FEET LEASED(2)	PERCENTAGE OF COMPANY LEASED SQ. FT. (%)
<S>	<C>	<C>	<C>	<C>
Manufacturing	$ 42,053,778	9.7	2,659,489	10.5
Securities, Commodity Contracts & Other Financial	39,884,148	9.2	2,161,142	8.5
Telecommunications	32,094,189	7.4	2,086,370	8.2
Computer System Design Svcs	31,629,774	7.3	1,745,622	6.9
Insurance Carriers & Related Activities	30,595,287	7.1	1,647,337	6.5
Legal Services	23,218,635	5.4	1,156,108	4.5
Credit Intermediation & Related Activities	23,143,458	5.3	1,447,412	5.7
Wholesale Trade	20,339,326	4.7	1,428,770	5.6
Information Services	19,299,991	4.5	956,470	3.8
Health Care & Social Assistance	16,709,332	3.9	940,970	3.7
Accounting/Tax Prep	14,730,504	3.4	712,492	2.8
Other Professional	13,300,651	3.1	853,559	3.4
Retail Trade	11,750,806	2.7	706,635	2.8
Transportation	11,020,770	2.5	794,014	3.1
Arts, Entertainment & Recreation	10,242,449	2.4	784,346	3.1
Public Administration	8,703,697	2.0	311,210	1.2
Publishing Industries	8,600,074	2.0	429,573	1.7
Other Services (except Public Adminsitration)	8,267,854	1.9	702,168	2.8
Advertising/Related Services	6,906,212	1.6	356,097	1.4
Real Estate & Rental & Leasing	6,624,316	1.5	381,873	1.5
Management of Companies & Finance	6,528,595	1.5	381,392	1.5
Data Processing Services	6,126,999	1.4	286,533	1.1
Architectural/Engineering	5,940,726	1.4	375,371	1.5
Scientific Research/Development	5,052,728	1.2	323,815	1.3
Monetary Authorities--Central Banks	4,520,606	1.0	266,340	1.0
Management/Scientific	4,370,192	1.0	228,168	0.9
Educational Services	4,194,159	1.0	254,678	1.0
Construction	3,911,270	0.9	234,335	0.9
Admin & Support, Waste Mgt. & Remediation Svcs	3,395,234	0.8	260,519	1.0
Utilities	3,250,727	0.7	170,797	0.7
Other	7,171,324	1.5	396,243	1.4
Totals	$ 433,577,811	100.0	25,439,848	100.0

</TABLE>

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(1) Annualized base rental revenue is based on actual December 1998 billings times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998, annualized base rental revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, the historical results for the year ended December 31, 1998 may differ from those set forth above.

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

(3) The Company's tenants are classified according to the U.S. Government's new North American Industrial Classification System (NAICS) which is replacing the Standard Industrial Code (SIC) system.

MARKET DIVERSIFICATION

The following table lists the Company's 20 largest markets, by Metropolitan Statistical Area (MSA), based on annualized base rent:

<TABLE>
<CAPTION>

		PERCENTAGE OF

MARKET (MSA)	ANNUALIZED BASE RENTAL REVENUE (1)(2)	COMPANY ANNUALIZED BASE RENTAL REVENUE (%)	TOTAL SQUARE FEET(2)	PERCENTAGE OF TOTAL SQUARE FEET (%)
<S>	<C>	<C>	<C>	<C>
Bergen-Passaic, NJ	$ 76,274,305	17.6	4,423,130	16.5
Newark, NJ (Essex-Morris-Union Counties)	69,282,808	16.0	3,671,218	13.7
New York, NY (Westchester-Rockland Counties)	65,948,814	15.2	4,308,220	16.1
Jersey City, NJ	43,335,031	10.0	2,508,700	9.4
Philadelphia, PA-NJ	35,472,514	8.2	2,458,458	9.2
Denver, CO	16,299,545	3.8	1,007,931	3.8
Trenton, NJ (Mercer County)	14,278,963	3.3	742,915	2.8
Dallas, TX	14,208,226	3.3	959,463	3.6
Washington, DC-MD-VA	12,607,712	2.9	447,000	1.7
Middlesex-Somerset-Hunterdon, NJ	11,180,747	2.6	659,041	2.5
San Antonio, TX	11,086,913	2.6	940,302	3.5
Stamford-Norwalk, CT	8,387,008	1.9	461,250	1.7
Houston, TX	8,020,341	1.8	700,008	2.6
Monmouth-Ocean, NJ	6,724,616	1.6	577,423	2.2
Nassau-Suffolk, NY	6,215,482	1.4	261,849	1.0
Phoenix-Mesa, AZ	6,067,186	1.4	536,268	2.0
Austin-San Marcos, TX	5,322,896	1.2	270,703	1.0
Boulder-Longmont, CO	3,450,304	0.8	270,421	1.0
San Francisco, CA	3,376,861	0.8	267,446	1.0
Omaha, NE-IA	2,968,193	0.7	319,535	1.2
Other	13,069,346	2.9	975,702	3.5
Totals	$ 433,577,811	100.0	26,766,983	100.0

</TABLE>

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(1) Annualized base rental revenue is based on actual December 1998 billings times 12. For leases in effect at December 31, 1998 whose rent commences after December 31, 1998, annualized base rental revenue is based on the first month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, the historical results for the year ended December 31, 1998 may differ from those set forth above.

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

THE COMPANY'S REAL ESTATE MARKETS

The Company's Properties are located primarily in the Northeast, including a predominant presence in New Jersey, New York and Pennsylvania. 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 six out of the last seven years as a direct result of an increase in leasing activity and net absorption levels. Build-to-suit activity is present, and selective speculative construction exists. The Company owns and operates approximately 10.1 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 information 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 2.7 million square feet of office and office/flex space in the Central New Jersey counties of Union, Middlesex, Somerset, 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 as a result of strong leasing activity and moderate new construction. 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 and 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 2.5 million square feet of office and office/flex space and a 327-unit multi-family residential complex in Suburban Philadelphia.

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. Westchester County has a population of almost 900,000 and is considered to be one of the most prestigious counties surrounding New York City. The Company owns and operates approximately 3.7 million square feet of office and

office/flex space, 387,400 square feet of industrial/warehouse space, a 124-unit multi-family residential property, two stand-alone retail properties, and two land leases in Westchester County, New York.

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 or has an interest in approximately 412,000 square feet of office and office/flex space in Rockland County.

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 10 Fortune 500 headquarters and there has been a substantial decline in vacancy during the past three years. The Company owns and operates approximately 606,000 square feet of office and office/flex space in Fairfield County.

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 high-technology and telecommunications companies. The Company owns and operates approximately 1.0 million square feet of office space in Dallas, Tarrant and Collin Counties.

HOUSTON, TEXAS

The Houston market is comprised primarily of the city of Houston and its surrounding suburbs. Houston is a major location of Fortune 500 companies' headquarters. Houston is also a major port serving the southern portion of the United States. The Company owns and operates approximately 1.0 million square feet of office space 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 owns and operates 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 owns and operates approximately 536,000 square feet of office space in the Phoenix market.

DENVER, COLORADO

The Denver Market is comprised primarily of the city of Denver and several suburbs to the north, east, and south. Denver is the focal point of Colorado, in addition to being the state capital. It is the

location of numerous corporate headquarters, with a large emergence of high-technology and telecommunication industries. Its new airport could become a major transportation artery for the near-western states. The Company owns and operates approximately 1.3 million square feet of office space in the Denver 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

Not applicable.

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, 1998 and 1997, respectively:

For the Year Ended December 31, 1998:

<TABLE>
<CAPTION>

	HIGH	LOW	CLOSE
<S>	<C>	<C>	<C>
First Quarter	$ 41.2500	$ 36.7500	$ 39.0625
Second Quarter	$ 39.3125	$ 31.5000	$ 34.3750
Third Quarter	$ 35.6250	$ 26.1250	$ 30.0000
Fourth Quarter	$ 32.1250	$ 26.8750	$ 30.8750

</TABLE>

For the Year Ended December 31, 1997:

<TABLE>
<CAPTION>

	HIGH	LOW	CLOSE
<S>	<C>	<C>	<C>
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

</TABLE>

On March 1, 1999, the closing Common Stock sales price on the NYSE was $28.750 per share.

HOLDERS

On March 1, 1999, the Company had 349 common shareholders of record.

RECENT SALES OF UNREGISTERED SECURITIES

Reference is made to Notes 3 (1997 Transactions) and 9 of the Consolidated Financial Statements contained in Item 14 of this Form 10-K for a description of equity issuances of common and preferred Units in the Operating Partnership (and warrants exercisable for common units) which are redeemable under certain circumstances for shares of Common Stock in the Company. All of such equity issuances were issued to the holders directly by the Company without the use of an underwriter or placement agent and without registration under the Securities Act of 1933, as amended, pursuant to the private placement exemption contained in Section 4(2) of such Act. Reference also is made to Note 14 (Stock Warrants) contained in Item 14 of this Form 10-K for a description of equity issuances of warrants to purchase Common Stock of the Company. All of such warrants were issued to the holders (who are executives of the Company) directly by the Company without the use of an underwriter or placement agent and without registration under the Securities Act pursuant to the private placement exemption contained in Section 4(2) of such Act.

DIVIDENDS AND DISTRIBUTIONS

The dividends and distributions payable by the Company at December 31, 1998 represents dividends payable to shareholders of record on January 6, 1999 (57,266,737 shares), distributions payable to minority interest common unitholders (9,086,585 common units) on that same date and preferred distributions to preferred unitholders (250,256 preferred units) for the fourth quarter 1998. The fourth quarter 1998

dividends and common unit distributions of $0.55 per share and per common unit (pro-rated for units issued during the quarter), as well as the fourth quarter preferred unit distribution of $16.875 per preferred unit, were approved by the Board of Directors on December 15, 1998 and paid on January 26, 1999.

The dividends and distributions payable by the Company 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 the quarter), as well as the fourth quarter preferred unit distribution of $16.875 per preferred unit (pro-rated for units issued during the quarter), were approved by the Board of Directors on December 17, 1997 and paid on January 16, 1998.

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 operating, balance sheet and cash flow data of the Company as of December 31, 1998, 1997, 1996, 1995 and 1994, and for the periods then ended, and the combined selected operating and cash flow data of the Cali Group for the period ended August 30, 1994 have been derived from financial statements audited by PricewaterhouseCoopers LLP, independent accountants.

OPERATING DATA

<TABLE>
<CAPTION>

	The Company					The Cali Group
						August 31, 1994 to
	Year Ended December 31,					January 1, 1994 to
IN THOUSANDS, EXCEPT PER SHARE DATA	1998	1997	1996	1995	1994	December 31, 1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total revenues	$ 493,699	$ 249,801	$ 95,472	$ 62,335	$ 16,841	$ 33,637
Operating and other expenses	$ 149,704	$ 75,150	$ 29,662	$ 20,705	$ 5,240	$ 11,155
General and administrative	$ 25,572	$ 15,862	$ 5,800	$ 3,712	$ 1,079	$ 2,228
Depreciation and amortization	$ 78,916	$ 36,825	$ 14,731	$ 10,655	$ 3,319	$ 5,093
Interest expense	$ 88,043	$ 39,078	$ 13,758	$ 10,117	$ 2,213	$ 13,969
Non-recurring merger-related charges	--	$ 46,519	--	--	--	--
Income (loss) before minority interest and extraordinary item	$ 151,464	$ 36,367	$ 37,179	$ 17,146	$ 4,990	$ (110)
Income (loss) before extraordinary item	$ 118,951	$ 4,988	$ 32,419	$ 13,638	$ 3,939	$ (110)
Basic earnings per share-before extraordinary item	$ 2.13	$ 0.13	$ 1.76	$ 1.23	$ 0.38	
Diluted earnings per share-before extraordinary item	$ 2.11	$ 0.12	$ 1.73	$ 1.22	$ 0.38	
Dividends declared per common share	$ 2.10	$ 1.90	$ 1.75	$ 1.66	$ 0.54	
Basic weighted average shares outstanding	55,840	39,266	18,461	11,122	10,500	
Diluted weighted average shares outstanding	63,893	44,156	21,436	14,041	13,302	

BALANCE SHEET DATA
<CAPTION>

	The Company				
	December 31,				
IN THOUSANDS	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Rental property, before accumulated depreciation and amortization	$ 3,467,799	$ 2,629,616	$ 853,352	$ 387,675	$ 234,470
Total assets	$ 3,452,194	$ 2,593,444	$ 1,026,328	$ 363,949	$ 225,295
Mortgages and loans payable	$ 1,420,931	$ 972,650	$ 268,010	$ 135,464	$ 77,000
Total liabilities	$ 1,526,974	$ 1,056,759	$ 297,985	$ 150,058	$ 88,081
Minority interest	$ 501,313	$ 379,245	$ 26,964	$ 28,083	$ 28,903
Stockholders' equity	$ 1,423,907	$ 1,157,440	$ 701,379	$ 185,808	$ 108,311

OTHER DATA

<CAPTION>

	The Company					The Cali Group
					August 31,	January 1,
					1994 to	1994 to
	Year Ended December 31,				December 31,	August 30,
IN THOUSANDS	1998	1997	1996	1995	1994	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Cash flows provided by operating activities	$ 208,761	$ 98,142	$ 46,823	$ 28,446	$ 6,367	$ 6,328
Cash flows (used in) provided by investing activities	$ (749,067)	$ (939,501)	$ (307,752)	$ (133,736)	$ (8,947)	$ 1,975
Cash flows provided by (used in) financing activities	$ 543,411	$ 639,256	$ 464,769	$ 99,863	$ 8,974	$ (1,038)
Funds from operations(1), before distributions to preferred unitholders	$ 216,949	$ 111,752	$ 45,220	$ 27,397	$ 8,404	
Funds from operations(1), after distributions to preferred unitholders	$ 200,636	$ 110,864	$ 45,220	$ 27,397	$ 8,404	

</TABLE>

(1) The Company considers funds from operations (after adjustment for straight-lining of rents) one measure of REIT performance. Funds from operations ("FFO") 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. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained elsewhere in this Report, for the calculation of FFO for the periods presented.

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. Certain defined terms used herein have the meaning ascribed to them in the Consolidated Financial Statements.

The following comparisons for the year ended December 31, 1998 ("1998"), as compared to the year ended December 31, 1997 ("1997") and for 1997, as compared to the year ended December 31, 1996 ("1996") make reference to the following:

(i) the effect of the "Same-Store Properties," which represents all properties owned by the Company at December 31, 1996 (for the 1998 versus 1997 comparison), and which represents all properties owned by the Company at December 31, 1995 (for the 1997 versus 1996 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, and (iv) the effect of the "Acquired Properties," which represents all properties acquired by the Company from January 1, 1997 through December 31, 1998, excluding RM Properties and Mack Properties (for the 1998 versus 1997 comparison), and which represents all properties acquired by the Company from January 1, 1996 through December 31, 1997, excluding RM Properties and Mack Properties (for the 1997 versus 1996 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, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

Total revenues increased by $243.9 million, or 97.6 percent, for 1998 over 1997. Base rents increased by $221.3 million, or 107.3 percent, of which an increase of $138.9 million, or 67.3 percent, was due to the Mack Properties, an increase of $75.1 million, or 36.4 percent, was attributable to the Acquired Properties, an increase of $5.5 million, or 2.7 percent, was due to the RM Properties, and an increase of $1.8 million, or 0.9 percent, was due to occupancy and rental rate changes at the Same-Store Properties. Escalations and recoveries from tenants increased by $20.8 million, or 67.0 percent, of which an increase of $11.1 million, or 35.9 percent, was due to the Mack Properties, an increase of $9.1 million, or 29.1 percent, was attributable to the Acquired Properties, an increase of $0.4 million, or 1.3 percent, at the Same-Store Properties, and an increase of $0.2 million, or 0.7 percent, due to the RM Properties. Parking and other income increased by $3.8 million, or 55.0 percent, of which $3.3 million, or 48.3 percent, was attributable to the Same-Store Properties, and an increase of $0.5 million, or 6.7 percent, was due to the RM Properties. Interest income decreased by $3.1 million, or 56.3 percent, due primarily to investment of the funds held from the Company's October 1997 common stock offering in 1997. Additionally, the Company recognized $1.1 million from equity in earnings of unconsolidated joint ventures in 1998.

Total expenses for 1998 increased by $128.8 million, or 60.3 percent, as compared to 1997. Real estate taxes increased by $22.3 million, or 85.8 percent, for 1998 over 1997, of which an increase of $11.7 million, or 44.9 percent, was due to the Mack Properties, an increase of $8.8 million, or 33.8 percent, was attributable to the Acquired Properties, an increase of $1.0 million, or 3.9 percent, due to the RM Properties, and an increase of $0.8 million, or 3.2 percent, attributable to the Same-Store Properties. Additionally, operating services increased by $32.1 million, or 103.7 percent, and utilities increased by $20.2 million, or 110.7 percent, for 1998 over 1997. The aggregate increase in operating services and utilities of $52.3 million, or 106.3 percent, consists of an increase of $33.9 million, or 69.0 percent, due to the Mack Properties, an increase of $18.3 million, or 37.2 percent, attributable to the Acquired Properties and an increase of $0.9 million, or 1.8 percent, due to the RM Properties, offset by a decrease of $0.8 million, or 1.7 percent, attributable to the Same-Store Properties. General and administrative expense increased $9.7 million, or 61.2 percent, of which $6.6 million, or 41.4 percent, is due primarily to an increase in payroll and related costs as a result of the Company's expansion in late 1997 and 1998 and $3.1 million, or 19.8 percent, is attributable to additional costs related to the Mack Properties. Depreciation and amortization increased by $42.1 million, or 114.3 percent, for 1998 over 1997, of which $22.6 million, or 61.1 percent, was due to the Mack Properties, an increase of $16.2 million, or 44.0 percent, relates to depreciation on the Acquired Properties, an increase of $1.8 million, or 5.0 percent, due to the RM Properties, and an increase of $1.5 million, or 4.2 percent, due to the Same-Store Properties. Interest expense increased by $48.9 million, or 125.3 percent, for 1998 over 1997, of which $23.4 million, or 60.0 percent, was due to assumed mortgages from the Mack Properties, an increase of $23.2 million, or 59.5 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, $1.2 million, or 3.0 percent, was attributable to assumed mortgages on Acquired Properties, and an increase of $1.1 million, or 2.8 percent, due to the TIAA Mortgage. Non-recurring merger-related charges of $46.5 million were incurred in 1997, as a result of the Mack Transaction.

Income before minority interest and extraordinary item increased to $151.5 million in 1998 from $36.4 million in 1997. The increase of $115.1 million was due to the factors discussed above.

Net income increased by $115.2 million for 1998, from $1.4 million in 1997 to $116.6 million in 1998. This increase was a result of an increase in income before minority interest and extraordinary item of $115.1 million, and an extraordinary item of $3.6 million (net of minority interest), related to early retirement of debt in 1997, offset by an extraordinary item of $2.4 million (net of minority interest), related to early retirement of debt in 1998, and an increase of $1.1 million in minority interest.

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 9 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), offset by an increase in income before gain on sale of rental property, minority interest and extraordinary items of $4.9 million, and the recognition in 1996 of an extraordinary loss of $0.5 million (net of minority interest).

LIQUIDITY AND CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

During the year ended December 31, 1998, the Company generated $208.8 million in cash flows from operating activities, and together with $1.5 billion in borrowings from the Company's credit facilities and funds from additional mortgage debt, $288.4 million in net proceeds from the Company's common stock offerings, $20.0 million received from a repayment of a mortgage note receivable, $5.5 million in proceeds from stock options exercised, $1.7 million in distributions received from unconsolidated joint ventures, and $0.8 million in restricted cash, used an aggregate of approximately $2.0 billion to acquire properties, land parcels and pay for other tenant improvements and building improvements totaling $692.8 million, repay outstanding borrowings on its credit facilities and other mortgage debt of $1.1 billion, pay quarterly dividends and distributions of $139.8 million, invest $58.8 million in unconsolidated joint ventures, repurchase 854,700 shares of its outstanding common stock for $25.1 million, provide $20.0 million for a mortgage note receivable, pay financing costs of $10.1 million, and redeem 82,880 common units for $3.2 million.

CAPITALIZATION

During 1998, the Company issued 8.0 million shares in several offerings and sales of its common stock (at a weighted average price of $37.38 per share) raising aggregate net proceeds of approximately $288.4 million. Additionally, during 1998, in conjunction with the funding of several of its property acquisitions as well as redemption of certain of the contingent units issued in the Mack Transaction, the Company issued a total of approximately 3.1 million Common Units and 19,694 Preferred Units (convertible into 568,369 Common Units), with a total value of approximately $126.3 million at time of issuance.

In August 1998, the Board of Directors of the Company authorized a share repurchase program under which the Company was permitted to purchase up to $100.0 million of the Company's outstanding common stock. Purchases could be made from time to time in open market transactions at prevailing prices or through privately negotiated transactions. Subsequently, the Company purchased, for constructive retirement, 854,700 shares of its outstanding common stock for an aggregate cost of approximately $25.1 million. Concurrent with these purchases, the Company sold to the Operating Partnership 854,700 Common Units for approximately $25.1 million.

At December 31, 1998, the Company's total mortgages and loans payable of $1.4 billion (weighted average interest rate of 6.93 percent) was comprised of $751.8 million of credit line borrowings and other variable rate mortgage debt (average rate of 6.61 percent),

fixed rate mortgage debt of $663.0 million (average rate of 7.32 percent), and a Contingent Obligation of $6.2 million. The Company's total mortgage debt of approximately $743.2 million was comprised of $663.0 million in fixed rate debt and $80.2 million of variable rate mortgage debt with a weighted average annual interest rate of 65 basis points over LIBOR.

At year-end, the Company had outstanding borrowings of $671.6 million under its revolving credit facilities (with aggregate borrowing capacity of $1.1 billion). The outstanding borrowings were comprised of $671.6 million from its unsecured $1.0 billion facility ("1998 Unsecured Facility"), with no outstanding borrowings on its $100.0 million credit facility with Prudential Securities Corp. ("Prudential Facility"). The 1998 Unsecured Facility, with 28 lender banks, carries an interest rate of 90 basis points over LIBOR and matures in April 2001. The Prudential Facility carries an interest rate of 110 basis points over LIBOR and matures in December 1999.

The terms of the 1998 Unsecured Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90 percent of funds from operations for such period, subject to certain other adjustments. The 1998 Unsecured Facility also requires a 17.5 basis point fee on the unused balance payable quarterly in arrears.

The Company has three investment grade credit ratings. Duff & Phelps Credit Rating Co. ("DCR") and Standard & Poors Rating Services ("S&P") have each assigned their BBB rating to prospective senior unsecured debt offerings of the Operating Partnership. DCR and S&P have also assigned their BBB- rating to prospective preferred stock offerings of the Company. Moody's Investors Service has assigned its Baa3 rating to prospective senior unsecured debt of the

Operating Partnership and its Ba1 rating to prospective preferred stock offerings of the Company.

In May 1995, the Company entered into an interest rate swap agreement with a commercial bank. The swap agreement fixes the Company's one-month LIBOR base for 6.285 percent per annum on a notional amount of $24.0 million through August 1999.

In October 1998, the Company entered into a forward treasury rate lock agreement with a commercial bank. The agreement locked an interest rate of 4.089 percent per annum for the three-year U.S. Treasury Note effective November 4, 1999, on a notional amount of $50.0 million. The agreement will be used to fix the Index Rate on $50.0 million of the Harborside Mortgages, for which the Company's interest rate re-sets for three years beginning November 4, 1999 to the interpolated three-year U.S. Treasury Note plus 110 basis points (see Note 8 to the Financial Statements--"Harborside Mortgages").

As of December 31, 1998, the Company had 167 unencumbered properties, totaling 16.5 million square feet, representing 61.4 percent of the Company's total portfolio on a square footage basis. An additional 55 properties, aggregating 5.4 million square feet (20.3 percent of Company's portfolio) are currently encumbered by $335.3 million of mortgage debt, which may be converted to unsecured debt at the Company's option. The Company is currently reviewing its options to convert any of the mortgage debt to unsecured debt.

The Company has an effective shelf registration statement with the SEC for an aggregate amount of $2.0 billion in equity securities of the Company. The Company and Operating Partnership also have an effective shelf registration statement with the SECfor an aggregate of $2.0 billion in debt securities, preferred stock and preferred stock represented by depositary shares. The Company presently has not issued any securities under these registration statements. The Company also has an effective registration statement with the SEC for a dividend reinvestment and stock purchase plan which commenced on March 1, 1999.

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 1998 Unsecured Facility and the Prudential 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 1998 Unsecured Facility and the Prudential Facility primarily to fund property acquisitions.

The Company's total debt at December 31, 1998 had a weighted average term to maturity of approximately 4.2 years. The Company expects to increase the average term to maturity on its debt in 1999. The Company has commitments to refinance $35.9 million of its mortgages which mature in the first quarter of 1999 with $45.5 million of new mortgage debt. The Company does not intend to reserve funds to retire its TIAA Mortgage, Harborside Mortgages, $150.0 Million Prudential Mortgage Loan, its other property mortgages 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 debt or equity instruments. The Company is considering refinancing a portion of its outstanding borrowings from the 1998 Unsecured Facility. The Company is reviewing various refinancing options, including the issuance of unsecured public debt, preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 1999. The Company anticipates that its available cash and cash equivalents and cash flows from operating

activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distributions discussed below may be adversely affected.

To maintain its qualification as a REIT, the Company must make annual distributions 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 distributions to its stockholders which, based upon current policy, in the aggregate would equal approximately $128.2 million on an annualized basis. However, any such distribution, whether for federal income tax purposes or otherwise, would only be paid out of available cash after meeting both operating requirements and scheduled debt service on mortgages and loans payable.

FUNDS FROM OPERATIONS

The Company considers funds from operations ("FFO"), 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, 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 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.

NAREIT's definition of funds from operations indicates that the calculation should be made before any extraordinary item (determined in accordance with GAAP), and before any deduction of significant non-recurring events that materially distort the comparative measurement of the Company's performance.

Funds from operations for the years ended December 31, 1998, 1997 and 1996 as calculated in accordance with NAREIT's definition as published in March 1995, are summarized in the following table:

<TABLE>
<CAPTION>

IN THOUSANDS YEAR ENDED DECEMBER 31,	1998	1997	1996
<S>	<C>	<C>	<C>
Income before non-recurring merger-related charges, gain on sale of rental property, distributions to preferred unitholders, minority interest and extraordinary item	$ 151,464	$ 82,886	$ 31,521
Add: Real estate-related depreciation and amortization(1)	79,169	36,599	14,677
Deduct: Rental income adjustment for straight-lining of rents(1)	(13,684)	(7,733)	(978)
Funds from operations, after adjustment for straight-lining of rents, before distributions to preferred unitholders	$ 216,949	$111,752	$ 45,220
Deduct: Distributions to preferred unitholders	(16,313)	(888)	--
Funds from operations, after adjustment for straight-lining of rents, after distributions to preferred unitholders	$ 200,636	$ 110,864	$ 45,220
Cash flows provided by operating activities	$ 208,761	$ 98,142	$ 46,823
Cash flows used in investing activities	$(749,067)	$(939,501)	$(307,752)
Cash flows provided by financing activities	$ 543,411	$ 639,256	$ 464,769
Basic weighted average shares/units outstanding(2)	63,438	43,356	21,172
Diluted weighted average shares/units outstanding(2)	70,867	44,351	21,436

</TABLE>

(1) Includes FFO adjustments in 1998 related to the Company's investments in unconsolidated joint ventures.

(2) See calculations for the amounts presented in the reconciliation below.

The following schedule reconciles the Company's basic weighted average shares to the basic and diluted weighted average shares/units presented above:

<TABLE>
<CAPTION>

Year Ended December 31,	1998	1997	1996
<S>	<C>	<C>	<C>
Basic weighted average shares:	55,840	39,266	18,461
Add: Weighted average common units	7,598	4,090	2,711
Basic weighted average shares/units:	63,438	43,356	21,172
Add: Weighted average preferred units (after conversion to common units)	6,974	383	--
Stock options	411	579	264
Stock warrants	44	33	--
Diluted weighted average share/units:	70,867	44,351	21,436

</TABLE>

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.

DISRUPTION IN OPERATIONS DUE TO YEAR 2000 PROBLEMS

GENERAL The Year 2000 issue is the result of computer programs and embedded chips using a two-digit format, as opposed to four digits, to indicate the year. Such computer systems may be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors, leading to disruptions in operations. We have developed a three-phase Year 2000 project (the "Project") to determine our Year 2000 systems compliance. Phase I is to identify those systems with which we have exposure to Year 2000 issues. Phase II is the development and implementation of action plans to be Year 2000 compliant in all areas by early 1999. Phase III, to be completed by mid-1999, is the final testing of each major area of exposure to assure compliance. We have identified three major areas critical for successful Year 2000 compliance: (i) our central accounting and operating computer system at our Cranford, New Jersey headquarters and local networks and related systems in our regional offices, (ii) inquiries of our tenants and key vendors as to their Year 2000 readiness and (iii) assessment of our individual buildings as to the Year 2000 readiness of their operating systems. We believe that progress in all such areas is proceeding on schedule and that we will experience no material adverse effect as a result of the Year 2000 issue. There can, however, be no assurance that this will be the case. Set forth below is a more detailed analysis of the Project and its anticipated impact on us.

CENTRAL ACCOUNTING AND OPERATING SYSTEMS We have completed a review of key computer hardware and software and other equipment, and have modified, upgraded or replaced all identified hardware and equipment in our corporate and regional offices that we believe may be affected by problems associated with Year 2000. Such hardware includes desktop and laptop computers, servers, printers, telecopier machines and telephones. We, as part of our routine modernization efforts, have completed necessary upgrades to identified secondary software systems, such as word processing, spreadsheet applications, telephone voicemail systems and computer calendar programs. The software supplier of our accounting system is currently completing its Year 2000 upgrade and is scheduled to supply us with Year 2000 compliant software by March 31, 1999 at no cost to us. We are confident that such software will be delivered as indicated. We anticipate internal testing of such software to be completed by June 1999.

TENANT COMPLIANCE We believe that the completion of the Project as scheduled will minimize Year 2000 related issues in our internal operations. However, we may still be adversely impacted by Year 2000 related issues as a result of problems outside our control, such as the inability of tenants to pay rent when due. In order to gauge such risk, we sent questionnaires to each of our then

existing tenants in August 1998 to assess their Year 2000 compliance status. The responses to these questionnaires continue to be received, reviewed and evaluated. Based on the responses received, we do not anticipate any material adverse impact on the orderly payment of monthly rent. Therefore, while there can be no assurance that Year 2000 problems of tenants will not have a material adverse effect on our operating results or financial condition, the information available to us indicates such an occurrence is not likely.

PROPERTY COMPLIANCE Our property managers have completed Phase I of the Project, a building by building survey of all of our properties to determine whether building support systems such as heat, power, light, security, garages and elevators will be affected by the advent of the Year 2000. Most of such systems either are already Year 2000 compliant or contain no computerized parts. Our property managers are currently completing Phase II of the Project, the development and implementation of action plans to modify, upgrade or replace non-compliant building systems. Once installed, these building systems will be tested for compliance pursuant to Phase III of the Project.

We have communicated with vendors of building systems or other services to our buildings regarding their Year 2000 compliance. In many instances, we will rely on the written representations from these vendors regarding the Year 2000 compliance of their product or service. We are also relying on assurances requested from utility providers of their Year 2000 compliance and their continued ability to provide uninterrupted service to our buildings. We anticipate incurring a total of approximately $1.0 million in costs to modify, upgrade and/or replace identified building support systems for Year 2000 compliance.

WORST CASE EXPOSURE We are aware that it is generally believed that the Year 2000 problem, if uncorrected, may result in a worldwide economic crisis. We are unable to determine whether such predictions are true or false. However, if such predictions prove true, we assume that all companies (including ours) will experience the effects in one way or another. The most reasonably likely worst case scenario we anticipate in connection with the Year 2000 issue relates to the failure of the upgrade to our accounting system to effectively become Year 2000 compliant. We believe that such an event is

unlikely, but an occurrence of the foregoing might have a material adverse impact on our operations. We cannot currently assess the financial impact of such a worst case scenario.

CONTINGENCY PLANS We are developing contingency plans to address the Year 2000 non-compliance of (i) critical building support systems and (ii) our accounting system.

CRITICAL BUILDING SYSTEMS. We believe that the failure of any of the following critical building support systems due to Year 2000 issues could have a material adverse impact on the performance of an individual building: security systems, elevator systems or fire/life safety systems. We believe that in the event of a Year 2000 related failure in a building security system, we would be able to maintain adequate security at the building through the use of security guards. We believe that in the event of a Year 2000 related failure in a building elevator system, adequate access would exist at most of our buildings through existing stairways. We believe that in the event of a Year 2000 related failure in a building fire/life safety system, our property management staff would be able to manually operate such system.

ACCOUNTING SOFTWARE. We believe that failure of the Year 2000 compliance upgrade to our accounting software might have a material adverse impact on our operations. However, we believe that financial data within any given fiscal year will remain intact and retrievable. We believe that alternative accounting software and/or manual bookkeeping would minimize the impact of a Year 2000 related failure of our current accounting software.

RISKS The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect our results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party vendors and tenants, we are unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on our results of operations, liquidity or financial condition. The Project is expected to significantly reduce our level of uncertainty about the Year 2000 problem. We believe that, with the implementation and completion of the Project as scheduled, the possibility of significant interruptions of normal operations should be reduced.

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

Approximately $669.1 million of the Company's long-term debt bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rate on the variable rate debt as of December 31, 1998 ranged from LIBOR plus 0.65% to LIBOR plus 0.90%.

December 31, 1998

<TABLE>
<CAPTION>

LONG-TERM DEBT, INCLUDING CURRENT PORTION	1999	2000	2001	2002	2003	THEREAFTER	TOTAL	FAIR VALUE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fixed Rate.....	$ 47,450	$ 9,069	$ 8,003	$ 11,783	$ 211,286	$ 381,536	$ 669,127	$ 679,156
Avg. Interest Rate.....	7.65%	7.30%	7.28%	7.10%	7.31%	7.23%		
Variable Rate.....	$ 8,000	$ 671,600			$ 72,204		$ 751,804	$751,804

</TABLE>

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 for its annual meeting of shareholders to be held on May 19, 1999.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 19, 1999.

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 for its annual meeting of shareholders to be held on May 19, 1999.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 19, 1999.

PART IV

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

(A) 1. Financial Statements and Report of PricewaterhouseCoopers LLP, Independent Accountants

Consolidated Balance Sheets as of December 31, 1998 and 1997

Consolidated Statements of Operations for the Years Ended December 31, 1998, 1997 and 1996

Consolidated Statement of Changes in Stockholders' Equity for the Years

Ended December 31, 1998, 1997 and 1996

Consolidated Statements of Cash Flows for the Years Ended December 31, 1998, 1997 and 1996

Notes to Consolidated Financial Statements

(A) 2. FINANCIAL STATEMENT SCHEDULE

Schedule III--Real Estate Investments and Accumulated Depreciation as of December 31, 1998

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:

<TABLE>
<CAPTION>

EXHIBIT NUMBER	EXHIBIT TITLE
<S>	<C>
10.1	Agreement of Limited Partnership of HPMC Development Partners, L.P., dated as of April 23, 1998, by and among HCG Development, L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.
10.2	Supplement to Agreement of Limited Partnership of HPMC Development Partners, L.P., dated as of April 23, 1998, by and among HCG Development, L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.
10.3	First Amendment to Agreement of Limited Partnership of HPMC Development Partners, L.P., dated as of October 8, 1998, by and among HCG Development, L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.
10.4	Agreement of Limited Partnership of HPMC Lava Ridge Partners, L.P., dated as of July 21, 1998, by and among HCG Development L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.
10.5	Amendment No. 1 to Revolving Credit Agreement dated July 20, 1998, by and among Mack-Cali Realty, L.P. and The Chase Manhattan Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto
10.6	Amendment No. 2 to Revolving Credit Agreement, dated as of December 30, 1998, among Mack-Cali Realty, L.P. and The Chase Manhattan Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto
23	Consent of PricewaterhouseCoopers LLP
27	Financial Data Schedule

</TABLE>

(B) REPORTS ON FORM 8-K

The Company filed a Current Report on Form 8-K, dated December 16, 1998, during the quarter ended December 31, 1998. Items 5 and 7 were reported.

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 under Item 14(a)(1) on page 54 present fairly, in all material respects, the financial position of Mack-Cali Realty Corporation and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(2) on page 54 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule 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/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

New York, New York
February 23, 1999

CONSOLIDATED BALANCE SHEETS

Mack-Cali Realty Corporation and Subsidiaries

Dollars in thousands, except per share amounts
December 31,

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
ASSETS		
Rental property		
Land and leasehold interests	$ 510,534	$ 374,242
Buildings and improvements	2,887,115	2,206,462
Tenant improvements	64,464	44,596
Furniture, fixtures and equipment	5,686	4,316
	3,467,799	2,629,616
Less--accumulated depreciation and amortization	(177,934)	(103,133)
Total rental property	3,289,865	2,526,483
Cash and cash equivalents	5,809	2,704
Investments in unconsolidated joint ventures	66,508	- -
Unbilled rents receivable	41,038	27,438
Deferred charges and other assets, net	39,020	18,989
Restricted cash	6,026	6,844
Accounts receivable, net of allowance for doubtful accounts of $670 and $327	3,928	3,736
Mortgage note receivable	--	7,250
Total assets	$3,452,194	$2,593,444
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgages and loans payable	$1,420,931	$ 972,650
Dividends and distributions payable	40,564	28,089
Accounts payable and accrued expenses	33,253	31,136
Rents received in advance and security deposits	29,980	21,395
Accrued interest payable	2,246	3,489
Total liabilities	1,526,974	1,056,759
Minority interest of unitholders in Operating Partnership	501,313	379,245
Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Preferred stock, 5,000,000 shares authorized, none issued	--	- -
Common stock, $.01 par value, 190,000,000 shares authorized, 57,266,137 and 49,856,289 shares outstanding	573	499
Additional paid-in capital	1,514,648	1,244,883
Dividends in excess of net earnings	(91,314)	(87,942)
Total stockholders' equity	1,423,907	1,157,440
Total liabilities and stockholders' equity	$3,452,194	$2,593,444

</TABLE>

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

CONSOLIDATED STATEMENTS OF OPERATIONS

Mack-Cali Realty Corporation and Subsidiaries

In thousands, except per share amounts
Year Ended December 31,

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
REVENUES			
Base rents	$ 427,528	$ 206,215	$ 76,922
Escalations and recoveries from tenants	51,981	31,130	14,429
Parking and other	10,712	6,910	2,204
Interest income	2,423	5,546	1,917
Equity in earnings of unconsolidated joint ventures	1,055	--	--
Total revenues	493,699	249,801	95,472
EXPENSES			
Real estate taxes	48,297	25,992	9,395
Utilities	38,440	18,246	8,138
Operating services	62,967	30,912	12,129
General and administrative	25,572	15,862	5,800
Depreciation and amortization	78,916	36,825	14,731
Interest expense	88,043	39,078	13,758
Non-recurring merger-related charges	--	46,519	--
Total expenses	342,235	213,434	63,951
Income before gain on sale of rental property, minority interest and extraordinary item	151,464	36,367	31,521
Gain on sale of rental property	--	--	5,658
Income before minority interest and extraordinary item	151,464	36,367	37,179
Minority interest	32,513	31,379	4,760
Income before extraordinary item	118,951	4,988	32,419
Extraordinary item--loss on early retirement of debt (net of minority interest's share of $297, $402 and $86)	(2,373)	(3,583)	(475)
Net income	$ 116,578	$ 1,405	$ 31,944
BASIC EARNINGS PER SHARE:			
Income before extraordinary item	$ 2.13	$ 0.13	$ 1.76
Extraordinary item--loss on early retirement of debt	(0.04)	(0.09)	(0.03)
Net income	$ 2.09	$ 0.04	$ 1.73
DILUTED EARNINGS PER SHARE:			
Income before extraordinary item	$ 2.11	$ 0.12	$ 1.73
EXTRAORDINARY item--loss on early retirement of debt	(0.04)	(0.08)	(0.02)
Net income	$ 2.07	$ 0.04	$ 1.71
Dividends declared per common share	$ 2.10	$ 1.90	$ 1.75
Basic weighted average shares outstanding	55,840	39,266	18,461

Diluted weighted average shares outstanding	63,893	44,156	21,436			

</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	Dividends in Excess of Net Earnings	Unamortized Stock Compensation	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1996	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
Redemption of common units for 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 offerings	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
Redemption of common units for shares of common stock	1	--	17	--	--	17
Proceeds from stock options exercised	337	4	7,183	--	--	7,187
Repurchase of common stock	(152)	(2)	(4,678)	--	--	(4,680)
Balance at December 31, 1997	49,856	499	1,244,883	(87,942)	--	1,157,440
Net income	--	--	--	116,578	--	116,578
Dividends	--	--	--	(119,950)	--	(119,950)
Net proceeds from common stock offerings	7,968	80	288,313	--	--	288,393
Redemption of common units for shares of common stock	29	--	1,029	--	--	1,029
Proceeds from stock options exercised	268	3	5,472	--	--	5,475
Repurchase of common stock	(855)	(9)	(25,049)	--	--	(25,058)
Balance at December 31, 1998	57,266	$573	$1,514,648	$ (91,314)	$ --	$1,423,907

</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,

	1998	1997	1996
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 116,578	$ 1,405	$ 31,944
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	78,916	36,825	14,731
Amortization of stock compensation	--	12,526	--
Amortization of deferred financing costs	1,580	983	1,081
Equity in earnings of unconsolidated joint ventures	(1,055)	--	--
Gain on sale of rental property	--	--	(5,658)
Minority interest	32,513	31,379	4,760
Extraordinary item--loss on early retirement of debt	2,373	3,583	475
Changes in operating assets and liabilities:			
Increase in unbilled rents receivable	(13,600)	(7,733)	(979)
Increase in deferred charges and other assets, net	(17,811)	(9,507)	(4,335)
Increase in accounts receivable, net	(192)	(1,663)	(629)
Increase in accounts payable and accrued expenses	2,117	17,569	1,823
Increase in rents received in advance and security deposits	8,585	10,614	2,911
(Decrease) increase in accrued interest payable	(1,243)	2,161	699
Net cash provided by operating activities	$ 208,761	$ 98,142	$ 46,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to rental property	$ (692,766)	$(928,974)	$(318,145)
Issuance of mortgage note receivable	(20,000)	(11,600)	--
Repayment of mortgage note receivable	20,000	--	--
Investments in unconsolidated joint ventures	(58,844)	--	--
Distributions from unconsolidated joint ventures	1,725	--	--
Proceeds from sale of rental property	--	--	10,324
Decrease in restricted cash	818	1,073	69
Net cash used in investing activities	$ (749,067)	$(939,501)	$(307,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from mortgages and loans payable	$1,525,758	$669,180	$272,113
Repayments of mortgages and loans payable	(1,098,065)	(442,185)	(294,819)
Debt prepayment premiums and other costs	--	(1,812)	(312)
Repurchase of common stock	(25,058)	(4,680)	--
Redemption of common units	(3,163)	--	--
Payment of financing costs	(10,110)	(3,095)	--
Net proceeds from common stock offerings	288,393	489,116	518,219
Proceeds from stock options exercised	5,475	7,187	2,001
Payment of dividends and distributions	(139,819)	(74,455)	(32,433)
Net cash provided by financing activities	$ 543,411	$639,256	$464,769
Net increase (decrease) in cash and cash equivalents	$ 3,105	$(202,103)	$203,840
Cash and cash equivalents, beginning of period	2,704	204,807	967
Cash and cash equivalents, end of period	$ 5,809	$ 2,704	$204,807

</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, 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, 1998, the Company owned or had interests in 249 properties plus developable land (collectively, the "Properties"). The Properties aggregate approximately 27.8 million square feet, and are comprised of 157 office and 80 office/flex buildings totaling approximately 27.4 million square feet (which included four office properties and one office/flex property, aggregating 1.0 million square feet, owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two multi-family residential complexes consisting of 453 units, two stand-alone retail properties and two land leases. The Properties are located in 12 states, primarily in the Northeast, plus the District of Columbia.

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"). See Investments in Unconsolidated Joint Ventures in Note 2 for the Company's treatment of unconsolidated joint venture interests. 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.

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

<TABLE>
<S> <C>

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

</TABLE>

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. To the extent an impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. Management does not believe that the value of any of its rental properties is impaired.

INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence, but does not control these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings (loss) and cash contributions and distributions. See Note 4.

CASH AND CASH EQUIVALENTS

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

DEFERRED FINANCING COSTS

Costs incurred in obtaining financing are capitalized and amortized on a straight-line basis, which approximates the effective interest method, over the term of the related indebtedness. Amortization of such costs is included in interest expense and was $1,580, $983 and $1,081 for the years ended December 31, 1998, 1997 and 1996, respectively.

DEFERRED LEASING COSTS

Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Operating Partnership provide leasing services to the Properties and receive compensation based on space leased. Such compensation, which is capitalized and amortized, approximated $3,509, $1,859 and $490 for the years ended December 31, 1998, 1997 and 1996, respectively.

REVENUE RECOGNITION

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

Reimbursements are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs (see Note 13).

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.

In certain situations, the Company uses forward treasury lock agreements to mitigate the potential effects of changes in interest rates for prospective transactions. Gains and losses are deferred and amortized as adjustments 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 the 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.

DIVIDENDS AND DISTRIBUTIONS PAYABLE

The dividends and distributions payable at December 31, 1998 represents dividends payable to shareholders of record on January 6, 1999 (57,266,737 shares), distributions payable to minority interest common unitholders (9,086,585 common units) on that same date and preferred distributions to preferred unitholders (250,256 preferred units) for the fourth quarter 1998. The fourth quarter 1998 dividends and common unit distributions of $0.55 per share and per common unit (pro-rated for units issued during the quarter), as well as the fourth quarter preferred unit distribution of $16.875 per preferred unit, were approved by the Board of Directors on December 15, 1998 and paid on January 26, 1999.

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 the quarter), as well as the fourth quarter preferred unit distribution of $16.875 per preferred unit (pro-rated for units issued during the quarter), were approved by the Board of Directors on December 17, 1997 and paid on January 16, 1998.

EXTRAORDINARY ITEM

Extraordinary item represents the effect resulting from the early settlement of certain debt obligations, including 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 14.

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.

3) ACQUISITIONS/TRANSACTIONS

1998 TRANSACTIONS

OPERATING PROPERTY ACQUISITIONS The Company acquired the following operating properties during the year ended December 31, 1998:

<TABLE>
<CAPTION>

ACQUISITION DATE	PROPERTY/PORTFOLIO NAME	LOCATION	# OF BLDGS.	RENTABLE SQUARE FEET	INVESTMENT BY COMPANY(A)
<S>	<C>	<C>	<C>	<C>	<C>
OFFICE					
2/05/98	500 West Putnam Avenue(b)	Greenwich, Fairfield County, CT	1	121,250	$ 20,125
2/25/98	10 Mountainview Road	Upper Saddle River, Bergen County, NJ	1	192,000	24,754

3/12/98	1250 Capital of Texas Highway South	Austin, Travis County, TX	1	270,703	37,266
3/27/98	Prudential Business Campus(c)	Parsippany, Morris County, NJ	5	703,451	130,437
3/27/98	Pacifica Portfolio--Phase I(d)(e)	Denver & Colorado Springs, CO	10	620,017	74,966
3/30/98	Morris County Financial Center	Parsippany, Morris County, NJ	2	301,940	52,763
5/13/98	3600 South Yosemite	Denver, Denver County, CO	1	133,743	13,555
5/22/98	500 College Road East(f)	Princeton, Mercer County, NJ	1	158,235	21,334
6/01/98	1709 New York Ave./1400 L Street N.W.	Washington, D.C.	2	325,000	90,385
6/03/98	400 South Colorado Boulevard	Denver, Denver County, CO	1	125,415	12,147
6/08/98	Pacifica Portfolio--Phase II(d)(e)(g)	Denver & Colorado Springs, CO	6	514,427	85,910
7/16/98	4200 Parliament Drive(h)	Lanham, Prince George's County, MD	1	122,000	15,807
9/10/98	40 Richards Avenue(d)	Norwalk, Fairfield County, CT	1	145,487	19,587
9/15/98	Seven Skyline Drive(i)	Hawthorne, Westchester County, NY	1	109,000	13,379
TOTAL OFFICE PROPERTY ACQUISITIONS:			34	3,842,668	$612,415
OFFICE/FLEX					
1/30/98	McGarvey Portfolio(j)	Moorestown, Burlington County, NJ	17	748,660	$ 47,526
7/14/98	1510 Lancer Road(k)	Moorestown, Burlington County, NJ	1	88,000	3,700
TOTAL OFFICE/FLEX PROPERTY ACQUISITIONS:			18	836,660	$ 51,226
TOTAL OPERATING PROPERTY ACQUISITIONS:			52	4,679,328	$663,641

</TABLE>

PROPERTIES PLACED IN SERVICE The Company placed in service the following properties through the completion of development or redevelopment during the year ended December 31, 1998:

<TABLE>
<CAPTION>

DATE PLACED IN SERVICE	PROPERTY NAME	LOCATION	# OF BLDGS.	RENTABLE SQUARE FEET	INVESTMENT BY COMPANY(A)
<S>	<C>	<C>	<C>	<C>	<C>
OFFICE					
1/15/98	224 Strawbridge Drive	Moorestown, Burlington County, NJ	1	74,000	$ 7,796
8/01/98	228 Strawbridge Drive	Moorestown, Burlington County, NJ	1	74,000	7,986
TOTAL OFFICE PROPERTIES PLACED IN SERVICE:			2	148,000	$15,782
OFFICE/FLEX					
6/08/98	Two Center Court	Totowa, Passaic County, NJ	1	30,600	$ 2,231
10/23/98	650 West Avenue	Stamford, Fairfield County, CT	1	40,000	4,952
TOTAL OFFICE/FLEX PROPERTIES PLACED IN SERVICE:			2	70,600	$ 7,183
TOTAL PROPERTIES PLACED IN SERVICE:			4	218,600	$22,965

</TABLE>

(a) Unless otherwise noted, transactions were funded by the Company with funds primarily made available through draws on the Company's credit facilities.

(b) The acquisition was funded with cash as well as the assumption of mortgage debt (estimated fair value of approximately $12,104, with annual effective interest rate of 6.52 percent.)

(c) The acquisition was funded primarily from proceeds received from the sale of 2,705,628 shares of common stock (see Note 14). Also included in the acquisition, but excluded from this schedule, are (i) Nine Campus Drive, which the Company has a 50 percent interest through an unconsolidated joint venture (see Note 4), and (ii) developable land adjacent to the acquired portfolio (see "Redevelopment Properties/Developable Land Acquisitions.")

(d) The acquisition was funded with cash and the issuance of common units to the seller (see Note 9).

(e) The Company may be required to pay additional consideration due to earn-out provisions in the agreement. William L. Mack, a director and equity holder of the Company, was an indirect owner of an interest in certain of the buildings contained in the Pacifica portfolio. The Company is under contract to acquire two remaining office buildings, encompassing 95,360

square feet (for an aggregate price of approximately $12,300).

(f) The property was acquired subject to a ground lease, which is prepaid through 2031, and has two 10-year renewal options, at rent levels as defined in the lease agreement.

(g) Also included in the acquisition, but excluded from this schedule, is developable land adjacent to the acquired portfolio (see "Redevelopment Properties/Developable Land Acquisitions.")

(h) Includes land adjacent to the operating property, which may be sub-divided for future development.

(i) The property was acquired through the exercise of a purchase option obtained in the RM Transaction.The acquisition was funded with cash, net of the repayment by the seller of the remaining balance of the RM Note Receivable (see Note 7).

(j) The acquisition was funded with cash as well as the assumption of mortgage debt (aggregate estimated fair value of approximately $8,354, with weighted average annual effective interest rate of 6.24 percent.) The Company is under contract to acquire an additional four office/flex properties and has a right of first refusal to acquire six additional office/flex properties.

(k) The property was acquired through the exercise of a purchase option obtained in the acquisition of the McGarvey portfolio in January 1998.

REDEVELOPMENT PROPERTIES/DEVELOPABLE LAND 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 $1,341, funded from the Company's cash reserves. In October 1998, the Company completed and placed in service a 40,000 square-foot office/flex property on the acquired land (see "Properties Placed in Service.")

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 $5,164, which was made available from drawing on one of the Company's credit facilities. The Company is currently redeveloping the property for future lease-up and operation.

On March 27, 1998, as part of the purchase of the Prudential Business Campus (see "Operating Property Acquisitions"), the Company acquired approximately 95 acres of vacant land adjacent to the operating properties for approximately $27,500.

On June 8, 1998, as part of the Pacifica portfolio-phase II acquisition (see "Operating Property Acquisitions"), the Company acquired vacant land adjacent to the operating properties for approximately $2,006.

On September 4, 1998, the Company acquired approximately 128 acres of vacant land located at the Horizon Center Business Park, Hamilton Township, Mercer County, New Jersey, through the exercise of a purchase option obtained in the Company's acquisition of the Horizon Center Business Park in November 1995. The land was acquired for approximately $1,698, which was funded from the Company's cash reserves.

On November 10, 1998, the Company acquired approximately 10.1 acres of land located at Three Vaughn Drive, Princeton, Mercer County, New Jersey. The Company acquired the land for approximately $2,146, which was funded from the Company's cash reserves.

On December 3, 1998, the Company acquired approximately 2.7 acres of land located at 12 Skyline Drive, Hawthorne, Westchester County, New York. The Company acquired the land for approximately $1,540, which was funded from the Company's cash reserves.

1997 TRANSACTIONS

On January 31, 1997, the Company acquired 65 properties, aggregating approximately 4.1 million square feet, ("RM Properties") from Robert Martin Company, LLC and affiliates ("RM") for a total cost of approximately $450,000. The cost of the transaction ("RM Transaction") was financed through the assumption of $185,283 of mortgage indebtedness, 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.

On December 11, 1997, the Company acquired 54 office properties, aggregating approximately 9.2 million square feet, ("Mack Properties") from the Mack Company and Patriot American Office Group, pursuant to a Contribution and

Exchange Agreement ("Agreement"), for a total cost of approximately $1,102,024 ("Mack Transaction"). 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.

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 8), (ii) $291,879 in debt assumed by the Company ("Mack Mortgages"), (iii) the issuance of 1,965,886 common units, valued at approximately $66,373, (iv) the issuance of 15,237 Series A preferred units and 215,325 Series B preferred units, valued at approximately $236,491 (collectively, the "Preferred Units"), (v) warrants to purchase 2,000,000 common units ("Unit Warrants"), valued at approximately $8,524, and (vi) the issuance of Contingent Units (see Note 9).

In accordance with the Agreement, Thomas A. Rizk remained Chief Executive Officer and resigned as President of the Company, and Mitchell E. Hersh was 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 Secretary, Barry Lefkowitz, as Executive Vice President and Chief Financial Officer and Timothy M. Jones, as Executive Vice President.

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 a 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 14).

In 1997, the Company also acquired 13 additional office and office/flex properties, aggregating approximately 1.5 million square

feet, in nine separate transactions with separate sellers, for an aggregate cost of approximately $204,446. Such acquisitions were funded primarily from drawings on the Company's credit facilities.

1996 TRANSACTIONS

In 1996, the Company acquired 15 office properties and placed in service two office/flex properties, totaling approximately 3.3 million square feet, for a total cost of approximately $451,623. The acquired and placed in service 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. The concurrent transactions with unrelated parties qualified as a tax-free exchange, as the Company used substantially all of the proceeds from the sale of 15 Essex Road to acquire 103 Carnegie Center.

4) INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

PRU-BETA 3 (NINE CAMPUS DRIVE)

On March 27, 1998, the Company acquired a 50 percent interest in an existing joint venture with The Prudential Insurance Company of America ("Prudential"), known as Pru-Beta 3, which owns and operates Nine Campus Drive, a 156,495 square-foot office building, located in the Prudential Business Campus office complex in Parsippany, Morris County, New Jersey (see Note 3). The Company performs management and leasing services for the property owned by the joint venture and received $114 in fees for such services in 1998.

HPMC (CONTINENTAL GRAND II/SUMMIT RIDGE/LAVA RIDGE)

On April 23, 1998, the Company entered into a joint venture agreement with HCG Development, L.L.C. and Summit Partners I, L.L.C. to form HPMC Development Partners, L.P. and, on July 21, 1998, entered into a second joint venture named HPMC Lava Ridge Partners, L.P. with these same parties. HPMC Development Partners, L.P.'s efforts have focused on two development projects, commonly referred to as Continental Grand II and Summit Ridge. Continental Grand II is a 4.2 acre site located in El Segundo, Los Angeles County, California, acquired by the venture upon which it has commenced construction of a 237,000 square-foot office property. Summit Ridge is a 7.3 acre site located in San Diego, San Diego County, California, acquired by the venture upon which it has commenced construction of a 132,000 square-foot office/flex property. HPMC Lava Ridge Partners, L.P. has commenced construction of three two-story buildings aggregating 183,200 square-feet of office space on a 12.1 acre site located in Roseville, Placer County, California. The Company is required to make capital contributions to the ventures totaling up to $26,566, pursuant to the partnership agreements. Among other things, the partnership agreements provide for a preferred return on the Company's invested capital in each venture, in addition to 50 percent of such venture's profit above the preferred returns, as defined in each agreement.

G&G MARTCO (CONVENTION PLAZA)

On April 30, 1998, the Company acquired a 49.9 percent interest in an existing joint venture, known as G&G Martco, which owns Convention Plaza, a 305,618 square-foot office building, located in San Francisco, San Francisco County, California. A portion of its initial investment was financed through the issuance of common units (see Note 9), as well as funds drawn from the Company's credit facilities. The Company performs management and leasing services for the property owned by the joint venture and received $20 in fees for such services in 1998.

AMERICAN FINANCIAL EXCHANGE L.L.C.

On May 20, 1998, the Company entered into a joint venture agreement with Columbia Development Corp. to form American Financial Exchange L.L.C. The venture was initially formed to acquire land for future development, located on the Hudson River waterfront in Jersey City, Hudson County, New Jersey, adjacent to the Company's Harborside property. The Company holds a 50 percent interest in the joint venture. Among other things, the partnership agreement provides for a preferred return on the Company's invested capital in the venture, in addition to the Company's proportionate share of the venture's profit, as defined in the agreement. The joint venture acquired land on which it constructed a parking facility, which is currently leased to a parking operator under a 10-year agreement. Such parking facility serves a ferry service between the Company's Harborside property and Manhattan.

RAMLAND REALTY ASSOCIATES L.L.C. (ONE RAMLAND ROAD)

On August 20, 1998, the Company entered into a joint venture agreement with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square-foot office/flex building plus adjacent developable land, located in Orangeburg, Rockland County, New York. The office/flex building is being redeveloped for future lease-up and operation. The Company holds a 50 percent interest in the joint venture.

ASHFORD LOOP ASSOCIATES L.P. (1001 SOUTH DAIRY ASHFORD/ 2100 WEST LOOP SOUTH)

On September 18, 1998, the Company entered into a joint venture agreement with Prudential to form Ashford Loop Associates L.P. The venture was formed to own, manage and operate 1001 South Dairy Ashford, a 130,000 square-foot office building acquired on September 18, 1998 and 2100 West Loop South, a 168,000 square-foot office building acquired on November 25, 1998, both located in Houston, Harris County, Texas. The Company holds a 20 percent interest in the joint venture. The joint venture may be required to pay additional consideration due to earn-out provisions in the acquisition contracts.The Company performs management and leasing services for the properties owned by the joint venture and received $30 in fees for such services in 1998.

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company has investment interests as of December 31, 1998:

<TABLE>
<CAPTION>

	PRU-BETA 3	HPMC	G&G MARTCO	AMERICAN FINANCIAL EXCHANGE	RAMLAND REALTY	ASHFORD LOOP	COMBINED TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets:							
Rental property, net	$ 22,711	$ 30,278	$ 11,099	$ 10,621	$ 8,467	$ 19,166	$102,342
Other assets	3,995	1,097	4,058	389	1,101	378	11,018
Total assets	$ 26,706	$ 31,375	$ 15,157	$ 11,010	$ 9,568	$ 19,544	$113,360
Liabilities and partners'/ members' capital:							
Mortgage payable	$--	$ 632	$ 39,762	$--	$--	$--	$ 40,394
Other liabilities	484	3,522	2,096	79	6	509	6,696
Partners'/members' capital	26,222	27,221	(26,701)	10,931	9,562	19,035	66,270
Total liabilities and partners'/members' capital	$ 26,706	$ 31,375	$ 15,157	$ 11,010	$ 9,568	$ 19,544	$113,360
Company's net investment in unconsolidated joint ventures	$ 17,980	$ 17,578	$ 10,964	$ 10,983	$ 4,851	$ 4,152	$ 66,508

The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the year ended December 31, 1998:

	PRU-BETA 3	HPMC	G&G MARTCO	AMERICAN FINANCIAL EXCHANGE	RAMLAND REALTY	ASHFORD LOOP	COMBINED TOTAL
<S>	<C>		<C>	<C>		<C>	<C>
Total revenues	$3,544	$--	$4,103	$490	$--	$659	$8,796
Operating and other expenses	(1,124)	--	(1,704)	(35)	--	(286)	(3,149)
Depreciation and amortization	(1,000)	--	(604)	--	--	(76)	(1,680)
Interest expense	--	--	(2,097)	--	--	--	(2,097)
Net income (loss)	$1,420	$--	$ (302)	$455	$--	$297	$1,870
Company's equity in earnings (loss) of unconsolidated joint ventures	$ 723	$--	$ (182)	$455	$--	$ 59	$1,055

5) DEFERRED CHARGES AND OTHER ASSETS

DECEMBER 31,	1998	1997
<S>	<C>	<C>
Deferred leasing costs	$ 35,151	$ 20,297
Deferred financing costs	9,962	3,640
	45,113	23,937
Accumulated amortization	(13,527)	(9,535)
Deferred charges, net	31,586	14,402
Prepaid expenses and other assets	7,434	4,587
Total deferred charges and other assets, net	$ 39,020	$ 18,989

6) 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:

<TABLE>
<CAPTION>

DECEMBER 31,	1998	1997
<S>	<C>	<C>
Security deposits	$5,696	$5,566
Escrow and other reserve funds	330	1,278
Total restricted cash	$6,026	$6,844

</TABLE>

7) MORTGAGE NOTE RECEIVABLE

In connection with the RM Transaction on January 31, 1997, the Company provided a $11,600 non-recourse mortgage loan ("RM Note Receivable") to entities controlled by the RM principals, which bore interest at an annual rate of 450 basis points over the one-month London Inter-Bank Offered Rate ("LIBOR") (5.75 percent at December 31, 1998). The RM Note Receivable, which was secured by two properties under purchase options ("Option Properties") and guaranteed by certain of the RM principals, was scheduled to mature on February 1, 2000. In conjunction with the acquisition of one of the Option Properties on August 15, 1997, the sellers of the property, certain RM principals, prepaid $4,350 of the RM Note Receivable. The RM Note Receivable was subsequently prepaid in full in connection with the acquisition of the second Option Property on September 15, 1998 (see Note 3). The Company received a prepayment fee of $152 with the retirement of the RM Note Receivable.

On March 6, 1998, prior to the completion of the Pacifica portfolio-phase I acquisition, the Company provided a $20,000 mortgage loan to an entity controlled by certain principals of Pacifica Holding Company. The mortgage loan was secured by an office property in California and bore interest at an annual rate of 9.25 percent. The mortgage loan was subsequently prepaid in full by the borrower on June 10, 1998. The Company received a prepayment fee of $200 with the retirement of the mortgage loan.

8) MORTGAGES AND LOANS PAYABLE

<TABLE>
<CAPTION>

DECEMBER 31,	1998	1997
<S>	<C>	<C>
Prudential Mortgages	$ 210,265	$ 262,205
TIAA Mortgage	185,283	185,283
Harborside Mortgages	150,000	150,000
Mitsubishi Mortgages	72,204	72,204
CIGNA Mortgages	46,989	86,650
Other Mortgages	78,440	88,474
Revolving Credit Facilities	671,600	122,100
Contingent Obligation	6,150	5,734
Total mortgages and loans payable	$1,420,931	$ 972,650

</TABLE>

Prudential Mortgages

The Company has mortgage debt from Prudential and its subsidiaries ("Prudential Mortgages") aggregating $210,265 and $262,205 as of December 31, 1998 and 1997, respectively, comprised of the following:

On April 30, 1998, the Company obtained a $150,000, interest-only, non-recourse mortgage loan from Prudential ("$150,000 Prudential Mortgage Loan"). The loan, which is secured by 12 of the Company's properties, has an effective annual interest rate of 7.10 percent and a seven-year term. The Company has the option to convert the mortgage loan to unsecured debt as a result of the achievement of an investment grade credit rating. The mortgage loan is prepayable in whole or in part subject to certain provisions, including yield maintenance. The proceeds of the new loan were used, along with funds drawn from the Company's credit facilities, to retire the Prudential Term Loan (as defined below), as well as approximately $48,224 of certain other mortgages.

The Company also has certain other non-recourse mortgage debt, aggregating $60,265 and $62,205 in principal as of December 31, 1998 and 1997, respectively, with Prudential. Such mortgages, which are secured by three properties, bear interest at a weighted average fixed rate of 8.25 percent per annum. The mortgages require monthly payments of interest and principal, and mature between October 2003 and October 2005.

On December 10, 1997, the Company obtained a $200,000 term loan ("Prudential Term Loan") from Prudential Securities 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 had a one-year term and interest payments were

required monthly at an interest rate of 110 basis points over one-month LIBOR. The Prudential Term Loan was retired in April 1998, simultaneous with the Company obtaining the $150,000 Prudential Mortgage Loan. On account of prepayment fees, loan origination fees, legal fees and other costs incurred in the retirement of the Prudential Term Loan, an extraordinary loss of $46, net of minority interest's share of the loss ($6), was recorded for the year ended December 31, 1998.

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 ("TIAA Mortgage"). The TIAA Mortgage is secured and cross-collateralized by 43 of the RM Properties and matures in December 2003. The Company has the option to convert, without any yield maintenance obligation or prepayment premium, the TIAA Mortgage to unsecured public debt as a result of the achievement of an investment grade credit rating. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance which is 100 basis points over United States Treasury obligations of similar maturity to the remaining maturity of the TIAA Mortgage at the time prepayment is being sought.

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 non-recourse mortgage financing, with a principal balance of $101,852 and $104,768 as of December 31, 1998 and 1997, respectively, bears interest at an annual fixed rate of 7.32 percent and matures in January 2006. The seller-provided mortgage financing, with a principal balance of $48,148 and $45,232 as of December 31, 1998 and 1997, respectively, matures in January 2006 and currently bears interest at an annual rate of 6.99 percent. 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 interpolated three-year treasury note at that time with spreads of 110 basis points in years four through six and 130 basis points in years seven through maturity. See "Interest Rate Contracts."

MITSUBISHI MORTGAGES

The Company has non-recourse, variable-rate mortgage debt aggregating $72,204 in principal as of December 31, 1998 and 1997 with Mitsubishi Trust and Banking Corporation ("Mitsubishi Mortgages"). Such mortgages assumed in the Mack Transaction, which are secured by two of the Mack Properties, bear interest at a variable rate of 65 basis points over LIBOR and mature between January 2008 and January 2009.

CIGNA MORTGAGES

The Company has non-recourse mortgage debt aggregating $46,989 and $86,650 in principal as of December 31, 1998 and 1997, respectively, with Connecticut General Life Insurance Company ("CIGNA Mortgages"). Such mortgages assumed in the Mack Transaction, which are secured by three of the Mack Properties, bear interest at a weighted average annual fixed rate of 7.79 percent and require monthly payments of interest and principal on various term amortization schedules. The various mortgages mature between March 1999 and October 2003. In 1998, the Company retired certain of the CIGNA Mortgages with an aggregate principal balance of $37,773, of which $27,886 was made available from the $150,000 Prudential Mortgage Loan and $9,887 from drawing on the Company's credit facilities.

OTHER MORTGAGES

The Company has mortgage debt aggregating $78,440 and $88,474 in principal as of December 31, 1998 and 1997, respectively, with six different lenders, all of which were assumed in the Mack Transaction as well as certain 1998 property acquisitions, and are secured by 11 individual properties ("Other Mortgages"). The Other Mortgages bear interest at a weighted average annual fixed effective rate of 6.95 percent. Certain of the mortgages require monthly payments of principal, in addition to interest on various term amortization schedules. The Other Mortgages mature between May 1999 and October 2005. Variable rate debt included in Other Mortgages at December 31, 1997, aggregating $20,338, which bore interest at 115 basis points over LIBOR, was retired in April 1998, simultaneous with the Company obtaining the $150,000 Prudential Mortgage Loan. On account of prepayment fees, legal fees and other costs incurred in the retirement of certain of the Other Mortgages in April 1998, an extraordinary loss of $124, net of minority interest's share of the loss ($16), was recorded for the year ended December 31, 1998.

REVOLVING CREDIT FACILITIES

ORIGINAL UNSECURED FACILITY On August 6, 1997, the Company obtained an unsecured revolving credit facility ("Original Unsecured Facility") in the amount of $400,000 from a group of 13 lender banks. The facility carried a three-year term and bore interest at 125 basis points over one-month LIBOR.

The terms of the Original Unsecured Facility included certain restrictions and covenants which limited, among other things, dividend payments and additional indebtedness and which required compliance with specified financial ratios and other financial measurements. The facility also required 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 Company had outstanding borrowings of $122,100 at December 31, 1997, under the Original Unsecured Facility. The Original Unsecured Facility was repaid in full and retired in connection with the Company obtaining the 1998 Unsecured Facility in April 1998, as described below. On account of prepayment fees, loan origination fees, legal fees and other costs incurred in the retirement of the Original Unsecured Facility, an extraordinary loss of $2,203, net of minority interest's share of the loss ($275), was recorded for the year ended December 31, 1998.

1998 UNSECURED FACILITY On April 17, 1998, the Company repaid in full and terminated the Original Unsecured Facility and obtained a new unsecured revolving credit facility ("1998 Unsecured Facility") in the amount of $870,000 from a group of 26 lender banks. In July 1998, the 1998 Unsecured Facility was expanded to $900,000 with the addition of two new lender banks into the facility, bringing the total number of participants to 28. In December 1998, the 1998 Unsecured Facility was further expanded to $1,000,000. The 1998 Unsecured Facility has a three-year term and bore interest at 110 basis points over LIBOR. In November 1998, with the Company's achievement of investment grade unsecured debt ratings, the interest rate was reduced to 90 basis points over LIBOR.

The terms of the 1998 Unsecured Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the maximum leverage ratio, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90 percent of funds from operations for such period, subject to certain other adjustments. The 1998 Unsecured Facility also requires a 17.5 basis point fee on the unused balance payable quarterly in arrears.

The lending group for the 1998 Unsecured Facility consists of: The Chase Manhattan Bank, as administrative agent; Fleet National Bank, as syndication agent; PNC Bank, N.A. and NationsBank, as documentation agents; Bankers Trust, Commerzbank, AG, The First National Bank of Chicago and First Union National Bank, as managing agents; Creditanstalt Corporate Finance, Inc., Dresdner Bank, AG, European American Bank, HypoBank, Societe Generale and Summit Bank, as co-agents; and Kredietbank, N.V., Key Bank N.A., Mellon Bank, N.A., The Bank of New York, Citizens Bank of Rhode Island, Crestar Bank, DG Bank Deutsche, The Tokai Bank Limited, USTrust, Bayerische Landesbank Girozentrale, LaSalle National Bank, Erste Bank, BankLeumi USA and Bank One, Arizona, NA.

PRUDENTIAL FACILITY The Company has a revolving credit facility ("Prudential Facility") from PSC in the amount of $100,000, which currently bears interest at 110 basis points over one-month LIBOR, with a maturity date of December 31, 1999. The Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Company's equity interest in Harborside. The Prudential Facility limits the ability of the Operating Partnership to make any distributions during any fiscal quarter in an amount in excess of 100 percent of the Operating Partnership's available funds from operations for the immediately preceding fiscal quarter (except to the extent such excess distributions or dividends are attributable to gains from the sale of the Operating Partnership's assets or are required for the Company to maintain its status as a REIT under the Code); provided, however, that the Operating Partnership may make distributions and pay dividends in excess of 100 percent of available funds from operations for the preceding fiscal quarter for not more than three consecutive quarters. In addition to the foregoing, the Prudential Facility limits the liens placed upon the subject property and certain collateral, the use of proceeds from the Prudential Facility, and the maintenance of ownership of the subject property and assets derived from said ownership. The Company had no outstanding borrowings at December 31, 1998 and 1997 under the Prudential Facility.

CONTINGENT OBLIGATION

As part of the Harborside acquisition in November 1996, 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. The Company is currently in the pre-development phase of a long-range plan to develop the Harborside site on a multi-property, multi-use basis.

For the year ended December 31, 1998, interest was imputed on the Contingent Obligation, thereby increasing the balance of the Contingent Obligation from $5,734 as of December 31, 1997 to $6,150 as of December 31, 1998.

Mortgage Financing

On August 12, 1997, the Company retired certain mortgage financing ("Mortgage Financing") with funds made available primarily from drawing on the Original Unsecured Facility. 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.

INTEREST RATE CONTRACTS

On May 24, 1995, the Company entered into 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.

On January 23, 1996, the Company entered into an interest rate swap agreement with a commercial bank. The swap agreement fixed the Company's one-month LIBOR base to 5.265 percent per annum on a notional amount of $26,000. The swap agreement expired in January 1999.

On November 20, 1997, the Company entered into a forward treasury rate lock agreement with a commercial bank. The agreement locked an interest rate of 5.88 percent per annum for the interpolated seven-year U.S. Treasury Note effective March 1, 1998, on a notional amount of $150,000. The agreement was used to fix the interest rate on the $150,000 Prudential Mortgage Loan. The Company settled the agreement on March 2, 1998 for $2,035 which is being amortized to interest expense over the term of the $150,000 Prudential Mortgage Loan.

On October 1, 1998, the Company entered into a forward treasury rate lock agreement with a commercial bank. The agreement locked an interest rate of 4.089 percent per annum for the three-year U.S. Treasury Note effective November 4, 1999, on a notional amount of $50,000. The agreement will be used to fix the Index Rate on $50,000 of the Harborside Mortgages, for which the company's interest rate re-sets for three years beginning November 4, 1999 to the three-year U.S. Treasury Note plus 110 basis points (see "Harborside Mortgages").

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 the counter parties. The Company is also exposed to market risk from the movement in interest rates pertaining to the forward treasury rate lock agreement.

SCHEDULED PRINCIPAL PAYMENTS

Scheduled principal payments and related weighted average interest rates on the mortgages and loans payable, as of December 31, 1998, are as follows:

<TABLE>
<CAPTION>

YEAR	SCHEDULED AMORTIZATION	PRINCIPAL MATURITIES	TOTAL	WEIGHTED AVG. INTEREST RATE OF FUTURE REPAYMENTS(A)
<S>	<C>	<C>	<C>	<C>
1999	$ 3,653	$ 51,797	$ 55,450	7.36%
2000	3,651	5,418	9,069	7.30%
2001	3,792	675,811	679,603	6.66%
2002	3,969	7,814	11,783	7.10%
2003	4,315	206,971	211,286	7.31%
Thereafter	5,279	448,461	453,740	7.10%
Totals/Weighted Average	$ 24,659	$1,396,272	$1,420,931	6.93%

</TABLE>

(a) Assumes LIBOR rate at December 31, 1998 of 5.75 percent in calculating

credit line and other variable rate debt interest rates.

LOAN COMMITMENTS

The Company has obtained mortgage commitments amounting to $45,500 to refinance two of the CIGNA Mortgages with principal balances aggregating $35,940 maturing in 1999. The new mortgages will have a weighted average effective interest rate of 6.91 percent per annum, versus the average rate of 7.60 percent per annum for the maturing mortgages.

CASH PAID FOR INTEREST & INTEREST CAPITALIZED

Cash paid for interest for the years ended December 31, 1998, 1997 and 1996 was $92,441, $36,917 and $12,096, respectively. Interest capitalized by the Company for the years ended December 31, 1998, 1997 and 1996 was $3,547, $820 and $118, respectively.

9) MINORITY INTEREST

Minority interest in the accompanying consolidated financial statements relates to common units in the Operating Partnership, in addition to Preferred Units and Unit Warrants issued in connection with the Mack Transaction, held by parties other than the Company.

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 $236,491. 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 (representing 6.75 percent of the Preferred Unit stated value of $1,000 on an annualized basis) is an amount equal to the greater of (i) $16.875 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 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 Units, issued in the Mack Transaction, are convertible into common units at $34.65 per common unit, which is an amount less than the $39.0625 closing stock price on the date of closing of the Mack Transaction. Accordingly, the Company recorded, on December 11, 1997, the financial value ascribed to the beneficial conversion feature inherent in the Preferred Units upon issuance, which 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.

During 1998, the Company issued 19,694 additional Preferred Units (11,895 of Series A and 7,799 of Series B), convertible into 568,369 common units and valued at approximately $20,200, in connection with the achievement of certain performance goals at the Mack Properties in redemption of an equivalent number of contingent Preferred Units. Such Preferred Units carry the identical terms as those issued in the Mack Transaction. As of December 31, 1998, there are no contingent Preferred Units outstanding, as all contingent Preferred Units were redeemed for Preferred Units.

In January 1999, 20,952 Series A Preferred Units were converted into 604,675 common units.

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.

During 1998, the Operating Partnership redeemed a total of 82,880 common units in exchange for an aggregate of $3,163 in cash. Additionally, the Operating Partnership redeemed an aggregate of 29,300 common units for an equivalent number of shares of common stock in the Company.

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 a 1997 single-property acquisition.

On March 26, 1998, in connection with the Pacifica portfolio-phase I acquisition, the Company issued 100,175 common units, valued at approximately $3,779.

On April 30, 1998, in connection with the acquisition of a 49.9 percent interest in the G&G Martco joint venture (see Note 4), the Company issued 218,105 common units, valued at approximately $8,334.

On June 8, 1998, in connection with the Pacifica portfolio-phase II acquisition, the Company issued 585,263 common units, valued at approximately $20,753.

On July 20, 1998, in connection with the expansion of one of the Mack Properties, the Company issued 52,245 common units, valued at approximately $1,632.

On September 10, 1998, in connection with the acquisition of 40 Richards Avenue, the Company issued 414,114 common units, valued at approximately $12,615.

During 1998, the Company also issued 1,731,386 common units, valued at approximately $58,936, in connection with the achievement of certain performance goals at the Mack Properties in

redemption of an equivalent number of contingent common units. There were 275,046 contingent common units outstanding as of December 31, 1998.

In January 1999, the Operating Partnership redeemed an aggregate of 1,000,000 common units for an equivalent number of shares of common stock in the Company.

CONTINGENT COMMON & PREFERRED UNITS

In conjunction with the completion of the Mack Transaction (see Note 3), 2,006,432 contingent common units, 11,895 Series A contingent Preferred Units and 7,799 Series B contingent Preferred 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. When Contingent Units are redeemed for common and Preferred Units, an adjustment to the purchase price of certain of the Mack Properties is recorded, based on the value of the units issued. On account of certain of the performance goals having been achieved during 1998, the Company redeemed 1,731,386 contingent common units and 19,694 contingent Preferred Units and issued an equivalent number of common and Preferred Units, as indicated above. There were no contingent Preferred Units outstanding and 275,046 contingent common units outstanding as of December 31, 1998.

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 date thereof at an exercise price of $37.80 per common unit.

MINORITY OWNERSHIP

As of December 31, 1998 and 1997, the minority interest common unitholders owned 13.7 percent (22.2 percent, including the effect of the conversion of Preferred Units into common units) and 10.9 percent (20.4 percent including the effect of the conversion of Preferred Units into common units) of the Operating Partnership, respectively (excluding any effect for the exercise of Unit Warrants).

(dollars in thousands, except per share or unit amounts)

10) 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, although no employer contributions have been made to date.

11) 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, 1998 and 1997. 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 $1,420,931 and $972,650 as of December 31, 1998 and 1997, 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 amount to be received/(paid) to settle the Company's interest rate contracts at December 31, 1998 and 1997, based on quoted market prices of comparable contracts, was $339 and ($1,404), respectively.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 1998 and 1997. 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, 1998 and current estimates of fair value may differ significantly from the amounts presented herein.

12) 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 the Harborside property 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 $145,644. Such PILOT totaled $2,570, $2,502 and $393 for the years ended December 31, 1998, 1997 and 1996, respectively.

GROUND LEASE AGREEMENTS

Future minimum rental payments under the terms of all non-cancelable ground leases, under which the Company is the lessee, as of December 31, 1998, are as follows:

<TABLE>
<CAPTION>

Year	Amount
<S>	<C>
1999	$ 422
2000	425
2001	427
2002	427

2003	427
Thereafter	21,934
Total	$24,062

</TABLE>

OTHER CONTINGENCIES

On December 10, 1997, a Shareholder's Derivative Action was filed in Maryland Court on behalf of a 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 believed that this lawsuit was factually and legally baseless, the Company on May 4, 1998 agreed to a settlement which included making certain changes to employment agreements of certain of its executive officers. The Company incurred $750 in costs associated with this action, which was provided for at December 31, 1997.

The Company is a defendant in other certain 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.

13) TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2016. 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, 1998, are as follows:

<TABLE>
<CAPTION>

YEAR	AMOUNT
<S>	<C>
1999	$ 432,060
2000	391,417
2001	329,843
2002	281,748
2003	220,576
Thereafter	825,762
Total	$2,481,406

</TABLE>

14) STOCKHOLDERS' EQUITY

To maintain its qualification as a REIT, not more than 50 percent in value of the outstanding shares of the Company may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of any taxable year of the Company, other than its initial taxable year (defined to include certain entities), applying certain constructive ownership rules. To help ensure that the Company will not fail this test, the Company's Articles of Incorporation provide for, among other things, certain restrictions on the transfer of 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.

COMMON STOCK

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 Original Unsecured Facility and the remainder of the proceeds to fund a portion of the purchase price of the Mack Transaction, for other potential 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 and used the net proceeds, which totaled approximately $92,194 (after offering costs) to pay down a portion of its outstanding borrowings under the Company's credit facilities and fund the acquisition of 10 Mountainview Road (see Note 3).

On March 18, 1998, in connection with the acquisition of Prudential

Business Campus, the Company completed an offer and sale of 2,705,628 shares of its common stock using the net proceeds of approximately $99,899 (after offering costs) in the funding of such acquisition (see Note 3).

On March 27, 1998, the Company completed an underwritten public offer and sale of 650,407 shares of its common stock and used the net proceeds, which totaled approximately $23,690 (after offering costs) to pay down a portion of its outstanding borrowings under the Company's credit facilities.

On April 29, 1998, the Company completed an underwritten offer and sale of 994,228 shares of its common stock and used the net proceeds, which totaled approximately $34,570 (after offering costs), primarily to pay down a portion of its outstanding borrowings under the Company's credit facilities.

On May 29, 1998, the Company completed an underwritten offer and sale of 984,615 shares of its common stock and used the net proceeds, which totaled approximately $34,100 (after offering costs), primarily to pay down a portion of its outstanding borrowings under the Company's credit facilities.

On December 31, 1998, the Company completed an offer and sale of 132,710 shares of its common stock, using the net proceeds of approximately $3,940 for general corporate purposes.

On August 6, 1998, the Board of Directors of the Company authorized a share repurchase program ("Repurchase Program") under which the Company was permitted to purchase up to $100,000 of the Company's outstanding common stock. Purchases could be made from time to time in open market transactions at prevailing prices or through privately negotiated transactions. For the year ended December 31, 1998, the Company purchased, for constructive retirement 854,700 shares of its outstanding common stock for an aggregate cost of approximately $25,058. Concurrent with these purchases, the Company sold to the Operating Partnership 854,700 common units for approximately $25,058.

REGISTRATION STATEMENTS

The Company filed a shelf registration statement with the Securities and Exchange Commission ("SEC") for an aggregate of $2.0 billion in equity securities of the Company, which was declared effective in January 1998.

The Company and the Operating Partnership filed a shelf registration statement with the SEC for an aggregate of $2.0 billion in debt securities, preferred stock and preferred stock represented by depositary shares, which was declared effective in September 1998.

The Company filed a registration statement with the SEC for the Company's dividend reinvestment and stock purchase plan ("Plan"), which was declared effective in February 1999. The Plan commenced on March 1, 1999.

STOCK OPTION PLANS

In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan ("Employee Plan") and the Mack-Cali Director Stock Option Plan ("Director Plan") under which a total of 5,380,188 shares (subject to adjustment) of the Company's common stock have been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). Stock options granted under the Employee Plan in 1994 and 1995 become exercisable over a three-year period and those options granted under the Employee Plan in 1998, 1997 and 1996 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 of December 31, 1998, and 1997, the stock options outstanding had a weighted average remaining contractual life of approximately 8.5 and 9.0 years, respectively.

As a result of certain provisions contained in certain of the Corporation'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:

<TABLE>
<CAPTION>

	SHARES UNDER OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>
Outstanding at January 1, 1995	625,000	$ 17.23
Granted	230,200	17.69
Exercised	--	--
Lapsed or canceled	(3,588)	17.25

(dollars in thousands, except per share or unit amounts)

Outstanding at December 31, 1995	851,612	17.36
Granted	809,700	23.97
Exercised	(126,041)	17.25
Lapsed or canceled	(7,164)	19.52
Outstanding at December 31, 1996	1,528,107	20.86
Granted	2,126,538	37.35
Exercised	(337,282)	21.33
Lapsed or canceled	(30,073)	22.62
Outstanding at December 31, 1997	3,287,290	31.47
Granted	1,048,620	35.90
Exercised	(267,660)	20.47
Lapsed or canceled	(128,268)	36.61
Outstanding at December 31, 1998	3,939,982	$ 33.22
Options exercisable at December 31, 1997	1,004,618	$ 25.22
Options exercisable at December 31, 1998	1,334,137	$ 27.84
Available for grant at December 31, 1997	1,629,575	
Available for grant at December 31, 1998	709,223	

</TABLE>

The weighted average fair value of options granted during 1998, 1997 and 1996 were $5.59, $6.66 and $2.41 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:

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Expected life (in years)	6	6	6
Risk-free interest rate	5.41%	5.84%	6.11%
Volatility	23.37%	23.76%	19.14%
Dividend yield	5.78%	5.29%	7.58%

</TABLE>

STOCK 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 ("Stock Warrants") 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 514,976 Stock 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 Company executives formerly with the Patriot American Office Group. Such warrants vest equally over a five-year period and have a term of ten years.

As of December 31, 1998, there were 914,976 Stock Warrants outstanding, of which 565,991 were exercisable. As of December 31, 1998, no vested Stock Warrants were exercised or canceled.

The weighted-average fair value of warrants granted during 1997 were $6.27 per warrant. No warrants were granted in 1998 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:

<TABLE>

<S>	<C>
Expected life (in years)	6
Risk-free interest rate	5.96%
Volatility	22.77%
Dividend yield	5.29%

</TABLE>

FASB NO. 123

Under the above models, the value of stock options and warrants granted during 1998, 1997 and 1996 totaled approximately $5,281, $19,750 and $1,955, 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 income (loss) and basic earnings (loss) per share and diluted earnings (loss) per share would have been $110,061, $1.97 and $1.72 in 1998, ($3,153), ($0.08) and ($0.08) in 1997 and $31,980, $1.73 and $1.49 in 1996, respectively.

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 ("Restricted Stock Awards") and Company-financed stock purchase rights ("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 common 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 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 was $2,257 relating to the normal cost of 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.

The following information presents the Company's results for the years ended December 31, 1998, 1997 and 1996 in accordance with FASB No. 128.

<TABLE>
<CAPTION>

	1998		1997		1996	
FOR THE YEAR ENDED DECEMBER 31,	BASIC EPS	DILUTED EPS	BASIC EPS	DILUTED EPS	BASIC EPS	DILUTED EPS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income	$116,578	$116,578	$ 1,405	$ 1,405	$ 31,944	$ 31,944
Add: Net income attributable to potentially dilutive securities	--	15,903	--	143	--	4,760
Adjusted net income	$116,578	$132,481	$ 1,405	$ 1,548	$ 31,944	$ 36,704
Weighted average shares	55,840	63,893	39,266	44,156	18,461	21,436

(dollars in thousands, except per share or unit amounts)

Per Share	$ 2.09	$ 2.07	$ 0.04	$ 0.04	$ 1.73	$ 1.71

</TABLE>

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

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,	1998	1997	1996
<S>	<C>	<C>	<C>
Basic EPS Shares:	55,840	39,266	18,461
Add:			
Operating Partnership units	7,598	4,090	2,711
Stock options	411	579	264
Restricted Stock Awards	--	188	--
Stock Warrants	44	33	--
Diluted EPS Shares:	63,893	44,156	21,436

</TABLE>

The Preferred Units issued in 1998 and 1997 and Contingent Units issued in 1997 were not included in the computation of diluted EPS as such units were anti-dilutive during the period.

Pursuant to the Repurchase Program, during 1998, the Company purchased for constructive retirement, 854,700 shares of its outstanding common stock for approximately $25,058.

15) SEGMENT REPORTING

The Company has adopted 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.

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

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

<TABLE>
<CAPTION>

	TOTAL SEGMENT	CORPORATE & OTHER(E)	TOTAL COMPANY
<S>	<C>	<C>	<C>
Total contract revenues(a):			
1998	$ 475,096	$ 4,919	$ 480,015(f)
1997	234,434	7,634	242,068(g)
1996	92,548	1,946	94,494(h)
Total operating and interest expenses(b):			
1998	$ 162,612	$100,707	$ 263,319
1997	81,058	49,032	130,090
1996	32,664	16,556	49,220
Net operating income(c):			
1998	$ 312,484	$ (95,788)	$ 216,696(f)
1997	153,376	(41,398)	111,978(g)
1996	59,884	(14,610)	45,274(h)
Total assets:			
1998	$ 3,430,865	$ 21,329	$3,452,194
1997	2,583,738	9,706	2,593,444
1996	822,989	203,339	1,026,328
Total long-lived assets(d):			
1998	$ 3,393,313	$ 4,098	$3,397,411
1997	2,550,961	2,960	2,553,921
1996	804,139	308	804,447

</TABLE>

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

(b) Total operating and interest expenses represents the sum of real estate taxes, utilities, operating services, general and administrative and interest expense. All interest expense (including for property-level mortgages) is excluded from the segment amounts and is classified in Corporate and Other for all periods. Amounts presented exclude depreciation and amortization of $78,916, $36,225 and $14,731 in 1998, 1997 and 1996, respectively, and non-recurring merger-related charges of $46,519 in 1997.

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

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

(e) Corporate & Other represents all corporate-level items (including interest income, interest expense and non-property general and administrative expense) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.

(f) Excludes $13,575 of adjustments for straight-lining of rents and $109 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.

(g) Excludes $7,733 of adjustments for straight-lining of rents.

(h) Excludes $978 of adjustments for straight-lining of rents.

16) IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("FASB No. 133"). FASB No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999 (January 1, 2000 for the Company). FASB No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Management of the Company anticipates that, due to its limited use of derivative instruments, the adoption of FASB No. 133 will not have a significant effect on the Company's results of operations or its financial position.

17) PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The following pro forma financial information for the years ended December 31, 1998 and 1997 are presented as if the RM Transaction, the Mack Transaction and all other acquisitions and common stock offerings completed in 1998 and 1997 had all occurred on January 1, 1997. The pro forma financial information excludes any deduction for the non-recurring merger-related charges and 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, 1997, nor do they represent the results of operations of future periods.

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,	1998	1997
<S>	<C>	<C>
Total revenues	$522,661	$507,939
Operating and other expenses	157,698	153,084
General and administrative	26,901	27,789
Depreciation and amortization	83,410	74,615
Interest expense	102,828	105,709
Income before minority interest and extraordinary item	151,824	146,742
Minority interest	33,244	30,547
Income before extraordinary item	$118,580	$116,195
Basic earnings per share	$ 2.06	$ 2.02
Diluted earnings per share	$ 2.04	$ 2.00
Basic weighted average		

shares outstanding	57,652	57,510
Diluted weighted average shares outstanding	66,338	65,538

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Mack-Cali Realty Corporation and Subsidiaries
(dollars in thousands, except per share or unit amounts)

18) CONDENSED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

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

<TABLE>
<CAPTION>

QUARTER ENDED 1998	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 134,941	$ 130,894	$ 122,041	$ 105,823
Operating and other expenses	41,444	40,595	36,598	31,067
General and administrative	6,864	6,118	6,394	6,196
Depreciation and amortization	22,379	21,213	19,093	16,231
Interest expense	23,896	23,881	21,786	18,480
Income before minority interest and extraordinary item	40,358	39,087	38,170	33,849
Minority interest	9,050	8,375	7,782	7,306
Income before extraordinary item	31,308	30,712	30,388	26,543
Extraordinary item--loss on early retirement debt (Net of minority interest's share of $297)	--	--	(2,373)	--
Net income	$ 31,308	$ 30,712	$ 28,015	$ 26,543
BASIC EARNINGS PER SHARE:				
Income before extraordinary item	$ 0.55	$ 0.53	$ 0.53	$ 0.52
Extraordinary item--loss on early retirement of debt	--	--	(0.04)	--
Net income	$ 0.55	$ 0.53	$ 0.49	$ 0.52
DILUTED EARNINGS PER SHARE:				
Income before extraordinary item	$ 0.55	$ 0.53	$ 0.53	$ 0.51
Extraordinary item--loss on early retirement of debt	--	--	(0.04)	--
Net income	$ 0.55	$ 0.53	$ 0.49	$ 0.51
Dividends declared per common share	$ 0.55	$ 0.55	$ 0.50	$ 0.50

</TABLE>

<TABLE>
<CAPTION>

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 SHARE:				
(Loss) income before extraordinary item	$ (1.00)	$ 0.49	$ 0.49	$ 0.45
Extraordinary item--loss on early retirement debt	--	(0.10)	--	--
Net (loss) income	$ (1.00)	$ 0.39	$ 0.49	$ 0.45
DILUTED EARNINGS PER SHARE:				
(Loss) income before extraordinary item	$ (1.00)	$ 0.48	$ 0.49	$ 0.44
Extraordinary item--loss on early retirement debt	--	(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>

EXHIBIT INDEX:

<TABLE>
<CAPTION>

EXHIBIT NUMBER	EXHIBIT TITLE

<S> <C>

10.1 Agreement of Limited Partnership of HPMC Development Partners, L.P., dated as of April 23, 1998, by and among HCG Development, L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.

10.2 Supplement to Agreement of Limited Partnership of HPMC Development Partners, L.P., dated as of April 23, 1998, by and among HCG Development, L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.

10.3 First Amendment to Agreement of Limited Partnership of HPMC Development Partners, L.P., dated as of October 8, 1998, by and among HCG Development, L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.

10.4 Agreement of Limited Partnership of HPMC Lava Ridge Partners, L.P., dated as of July 21, 1998, by and among HCG Development L.L.C., Summit Partners I, L.L.C. and Mack-Cali California Development Associates L.P.

10.5 Amendment No. 1 to Revolving Credit Agreement dated July 20, 1998, by and among Mack-Cali Realty, L.P. and The Chase Manhattan Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto

10.6 Amendment No. 2 to Revolving Credit Agreement, dated as of December 30, 1998, among Mack-Cali Realty, L.P. and The Chase Manhattan Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto

23 Consent of PricewaterhouseCoopers LLP, independent accountants

27 Financial Data Schedule
</TABLE>

MACK-CALI REALTY CORPORATION
SIGNATURES

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

<TABLE>
<S> <C> <C>
MACK-CALI REALTY CORPORATION.
(REGISTRANT)

Date: March 2, 1999 By: /s/ BARRY LEFKOWITZ
Barry Lefkowitz
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER
</TABLE>

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:

<TABLE>
<CAPTION>

NAME	TITLE	DATE
<C> /s/ JOHN J. CALI John J. Cali	<S> Chairman of the Board	<C> March 2, 1999
/s/ THOMAS A. RIZK Thomas A. Rizk	Chief Executive Officer and Director	March 2, 1999
/s/ MITCHELL E. HERSH Mitchell E. Hersh	President, Chief Operating Officer and Director	March 2, 1999
/s/ BARRY LEFKOWITZ Barry Lefkowitz	Executive Vice President and Chief Financial Officer	March 2, 1999
/s/ BRENDAN T. BYRNE, ESQ. Brendan T. Byrne, Esq.	Director	March 2, 1999
/s/ MARTIN D. GRUSS Martin D. Gruss	Director	March 2, 1999
/s/ JEFFREY B. LANE Jeffrey B. Lane	Director	March 2, 1999

</TABLE>

<TABLE>
<CAPTION>

NAME	TITLE	DATE
<C> /s/ EARLE I. MACK Earle I. Mack	<S> Director	<C> March 2, 1999
/s/ WILLIAM L. MACK William L. Mack	Director	March 2, 1999
/s/ PAUL A. NUSSBAUM Paul A. Nussbaum	Director	March 2, 1999
/s/ ALAN G. PHILIBOSIAN Alan G. Philibosian	Director	March 2, 1999
/s/ DR. IRVIN D. REID Dr. Irvin D. Reid	Director	March 2, 1999
/s/ VINCENT TESE Vincent Tese	Director	March 2, 1999
/s/ MARTIN S. BERGER Martin S. Berger	Director	March 2, 1999

</TABLE>

MACK-CALI REALTY CORPORATION

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1998
(DOLLARS IN THOUSANDS)

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>
ATLANTIC COUNTY, NEW JERSEY						
EGG HARBOR						
100 Decadon Drive (O)	1987	1995	--	$ 300	$ 3,282	$ 130
200 Decadon Drive (O)	1991	1995	--	369	3,241	162
BERGEN COUNTY, NEW JERSEY						
FAIR LAWN						
17-17 Rte 208 North (O)	1987	1995	$ 17,586	3,067	19,415	394
FORT LEE						
2115 Linwood Avenue (O)	1981	1998	--	474	4,419	2,543
One Bridge Plaza (O)	1981	1996	--	2,439	24,462	1,376
LITTLE FERRY						
200 Riser Road (O)	1974	1997	6,849	3,888	15,551	231
MONTVALE						
135 Chestnut Ridge Road (O)	1981	1997	--	2,587	10,350	27
95 Chestnut Ridge Road (O)	1975	1997	2,135	1,227	4,907	44
PARAMUS						
140 Ridgewood Avenue (O)	1981	1997	15,392	7,932	31,463	150
15 East Midland Avenue (O)	1988	1997	24,790	10,374	41,497	25
461 From Road (O)	1988	1997	29,223	13,194	52,778	54
61 South Paramus Avenue (O)	1985	1997	15,776	9,005	36,018	2,639
650 From Road (O)	1978	1997	23,316	10,487	41,949	194
ROCHELLE PARK						
</TABLE>

120 Passaic Street (O).....	1972	1997	--	1,354	5,415	
6						
365 West Passaic Street (O).....	1976	1997	7,468	4,148	16,592	661
SADDLE RIVER						
1 Lake Street (O).....	1994	1997	35,789	13,952	55,812	
7						
UPPER SADDLE RIVER						
10 Mountainview Road (O).....	1986	1998	--	3,683	835	20,991
WOODCLIFF LAKE						
300 Tice Boulevard (O).....	1991	1996	--	5,424	29,688	388
400 Chestnut Ridge Road (O).....	1982	1997	14,983	4,201	16,802	1
470 Chestnut Ridge Road (O).....	1987	1997	4,087	2,346	9,385	2
50 Tice Boulevard (O).....	1984	1994	--	4,500	--	
25,703						
530 Chestnut Ridge Road (O).....	1986	1997	4,032	1,860	7,441	3
BURLINGTON COUNTY, NEW JERSEY						
BURLINGTON						
3 Terri Lane (F).....	1991	1998	2,104	652	3,433	840
5 Terri Lane (F).....	1992	1998	2,372	564	3,792	1,265
DELRAN						
Tenby Chase Apartments (M).....	1970	1994	--	396	--	
5,208						
MOORESTOWN						
1 Executive Drive (F).....	1989	1998	--	226	1,453	95
101 Commerce Drive (F).....	1988	1998	--	422	3,528	237
101 Executive Drive (F).....	1990	1998	1,200	241	2,262	46
102 Executive Drive (F).....	1990	1998	--	353	3,607	117
1256 North Church (F).....	1984	1998	--	354	3,098	227
1507 Lancer Drive (F).....	1995	1998	--	119	1,106	37
1510 Lancer Drive (F).....	1998	1998	--	732	2,928	15
201 Commerce Drive (F).....	1986	1998	1,121	254	1,694	74
224 Strawbridge Drive (O).....	1984	1997	--	766	4,334	2,698
225 Executive Drive (F).....	1990	1998	1,353	323	2,477	91
228 Strawbridge Drive (O).....	1984	1997	--	767	4,333	2,885
30 Twosome Drive (F).....	1997	1998	--	234	1,954	38
40 Twosome Drive (F).....	1996	1998	--	297	2,393	51

<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>
ATLANTIC COUNTY, NEW JERSEY				
EGG HARBOR				
100 Decadon Drive (O).....	$ 300	$ 3,412	$ 3,712	$ 273
200 Decadon Drive (O).....	369	3,403	3,772	300
BERGEN COUNTY, NEW JERSEY				
FAIR LAWN				
17-17 Rte 208 North (O).....	3,067	19,809	22,876	1,949
FORT LEE				
2115 Linwood Avenue (O).....	474	6,962	7,436	--
One Bridge Plaza (O).....	2,439	25,838	28,277	1,434
LITTLE FERRY				
200 Riser Road (O).....	3,888	15,782	19,670	408
MONTVALE				
135 Chestnut Ridge Road (O).....	2,588	10,376	12,964	270
95 Chestnut Ridge Road (O).....	1,227	4,951	6,178	128
PARAMUS				
140 Ridgewood Avenue (O).....	7,932	31,613	39,545	526
15 East Midland Avenue (O).....	10,374	41,522	51,896	1,083
461 From Road (O).....	13,194	52,832	66,026	1,378
61 South Paramus Avenue (O).....	9,005	38,657	47,662	946
650 From Road (O).....	10,487	42,143	52,630	1,096
ROCHELLE PARK				
120 Passaic Street (O).....	1,354	5,421	6,775	141
365 West Passaic Street (O).....	4,148	17,253	21,401	435
SADDLE RIVER				
1 Lake Street (O).....	13,953	55,818	69,771	1,457
UPPER SADDLE RIVER				
10 Mountainview Road (O).....	4,240	21,269	25,509	651
WOODCLIFF LAKE				
300 Tice Boulevard (O).....	5,424	30,076	35,500	1,572
400 Chestnut Ridge Road (O).....	4,201	16,803	21,004	436
470 Chestnut Ridge Road (O).....	2,346	9,387	11,733	245
50 Tice Boulevard (O).....	4,500	25,703	30,203	10,401
530 Chestnut Ridge Road (O).....	1,860	7,444	9,304	194
BURLINGTON COUNTY, NEW JERSEY				
BURLINGTON				

3 Terri Lane (F).....	658	4,267	4,925	151
5 Terri Lane (F).....	569	5,052	5,621	198
DELRAN				
Tenby Chase Apartments (M).....	396	5,208	5,604	3,283
MOORESTOWN				
1 Executive Drive (F).....	228	1,546	1,774	60
101 Commerce Drive (F).....	425	3,762	4,187	139
101 Executive Drive (F).....	243	2,306	2,549	82
102 Executive Drive (F).....	356	3,721	4,077	122
1256 North Church (F).....	356	3,323	3,679	123
1507 Lancer Drive (F).....	120	1,142	1,262	37
1510 Lancer Drive (F).....	734	2,941	3,675	37
201 Commerce Drive (F).....	258	1,764	2,022	70
224 Strawbridge Drive (O).....	767	7,031	7,798	126
225 Executive Drive (F).....	326	2,565	2,891	97
228 Strawbridge Drive (O).....	767	7,218	7,985	170
30 Twosome Drive (F).....	235	1,991	2,226	89
40 Twosome Drive (F).....	300	2,441	2,741	89

</TABLE>

MACK-CALI REALTY CORPORATION

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1998
(DOLLARS IN THOUSANDS)

SCHEDULE III

<TABLE>
<CAPTION>

PROPERTY LOCATION(2)	YEAR BUILT	YEAR ACQUIRED	RELATED ENCUMBRANCES	INITIAL COSTS LAND	INITIAL COSTS BUILDING AND IMPROVEMENTS	COSTS CAPITALIZED TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
50 Twosome Drive (F).....	1997	1998	--	301	2,330	35
MOORESTOWN						
840 North Lenola Road (F).....	1995	1998	--	329	2,366	39
844 North Lenola Road (F).....	1995	1998	--	239	1,714	29
97 Foster Road (F).....	1982	1998	--	208	1,382	
44						
WEST DEPTFORD						
1451 Metropolitan Drive (F).....	1996	1998	--	203	1,189	23
ESSEX COUNTY, NEW JERSEY						
MILLBURN						
150 J.F.K. Parkway (O).....	1980	1997	27,696	12,606	50,425	55
ROSELAND						
101 Eisenhower Parkway (O).....	1980	1994	--	228	--	14,149
103 Eisenhower Parkway (O).....	1985	1994	--	--	--	
14,113						
HUDSON COUNTY, NEW JERSEY						
JERSEY CITY						
95 Christopher Columbus Drive (O).....	1989	1994	--	6,205	--	
80,392						
Harborside Financial Center Plaza I (O).....	1983	1996	48,148	3,923	51,013	--
Harborside Financial Center Plaza II (O).....	1990	1996	54,001	17,655	101,546	987
Harborside Financial Center Plaza III (O).....	1990	1996	54,001	17,655	101,878	993
MERCER COUNTY, NEW JERSEY						
HAMILTON TOWNSHIP						
100 Horizon Drive (F).....	1989	1995	--	205	1,676	--
200 Horizon Drive (F).....	1991	1995	--	205	3,027	--
300 Horizon Drive (F).....	1989	1995	--	379	4,355	8
500 Horizon Drive (F).....	1990	1995	--	379	3,395	100
PRINCETON						
5 Vaughn Drive (O).....	1987	1995	--	657	9,800	
371						
400 Alexander Road (O).....	1987	1995	--	344	3,917	2,413
103 Carnegie Center (O).....	1984	1996	--	2,566	7,868	498
100 Overlook Center (O).....	1988	1997	--	2,378	21,754	52
MIDDLESEX COUNTY, NEW JERSEY						

EAST BRUNSWICK						
377 Summerhill Road (O).....	1977	1997	--	649	2,594	143
PLAINSBORO						
500 College Road East (O).....	1984	1998	--	614	20,626	148
SOUTH BRUNSWICK						
3 Independence Way (O).....	1983	1997	--	1,997	11,391	79
WOODBRIDGE						
581 Main Street (O).....	1991	1997	17,500	3,237	12,949	12,406
MONMOUTH COUNTY, NEW JERSEY						
NEPTUNE						
3600 Route 66 (O).....	1989	1995	--	1,098	18,146	40
WALL TOWNSHIP						
1305 Campus Parkway (O).....	1988	1995	--	335	2,560	79
1320 Wykoff Avenue (F).....	1986	1995	--	255	1,285	
19						
1324 Wykoff Avenue (F).....	1987	1995	--	230	1,439	
109						
1325 Campus Parkway (F).....	1988	1995	--	270	2,928	61
1340 Campus Parkway (F).....	1992	1995	--	489	4,621	279
1350 Campus Parkway (O).....	1990	1995	--	454	7,134	407
1433 Highway 34 (F).....	1985	1995	--	889	4,321	303
1345 Campus Parkway (F).....	1995	1997	--	1,023	5,703	21
MORRIS COUNTY, NEW JERSEY						
FLORHAM PARK						
325 Columbia Parkway (O).....	1987	1994	--	1,564	--	15,596

<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>
50 Twosome Drive (F).....	304	2,362	2,666	99
MOORESTOWN				
840 North Lenola Road (F).....	333	2,401	2,734	94
844 North Lenola Road (F).....	241	1,741	1,982	68
97 Foster Road (F).....	211	1,423	1,634	47
WEST DEPTFORD				
1451 Metropolitan Drive (F).....	206	1,209	1,415	51
ESSEX COUNTY, NEW JERSEY				
MILLBURN				
150 J.F.K. Parkway (O).....	12,606	50,480	63,086	1,317
ROSELAND				
101 Eisenhower Parkway (O).....	228	14,149	14,377	7,363
103 Eisenhower Parkway (O).....	2,300	11,813	14,113	5,033
HUDSON COUNTY, NEW JERSEY				
JERSEY CITY				
95 Christopher Columbus Drive (O).....	6,205	80,392	86,597	21,666
Harborside Financial Center Plaza I (O).....	3,923	51,013	54,936	2,763
Harborside Financial Center Plaza II (O).....	17,841	102,347	120,188	5,570
Harborside Financial Center Plaza III (O).....	17,821	102,705	120,526	5,569
MERCER COUNTY, NEW JERSEY				
HAMILTON TOWNSHIP				
100 Horizon Drive (F).....	205	1,676	1,881	133
200 Horizon Drive (F).....	205	3,027	3,232	240
300 Horizon Drive (F).....	379	4,363	4,742	348
500 Horizon Drive (F).....	379	3,495	3,874	306
PRINCETON				
5 Vaughn Drive (O).....	657	10,171	10,828	886
400 Alexander Road (O).....	344	6,330	6,674	665
103 Carnegie Center (O).....	2,566	8,366	10,932	656
100 Overlook Center (O).....	2,378	21,806	24,184	635
MIDDLESEX COUNTY, NEW JERSEY				
EAST BRUNSWICK				
377 Summerhill Road (O).....	649	2,737	3,386	69
PLAINSBORO				
500 College Road East (O).....	614	20,774	21,388	376
SOUTH BRUNSWICK				
3 Independence Way (O).....	1,997	11,470	13,467	381
WOODBRIDGE				
581 Main Street (O).....	8,115	20,477	28,592	381
MONMOUTH COUNTY, NEW JERSEY				
NEPTUNE				
3600 Route 66 (O).....	1,098	18,186	19,284	1,443
WALL TOWNSHIP				
1305 Campus Parkway (O).....	335	2,639	2,974	242

1320 Wykoff Avenue (F).....	255	1,304	1,559	103	
1324 Wykoff Avenue (F).....	230	1,548	1,778	141	
1325 Campus Parkway (F).....	270	2,989	3,259	248	
1340 Campus Parkway (F).....	489	4,900	5,389	411	
1350 Campus Parkway (O).....	454	7,541	7,995	677	
1433 Highway 34 (F).....	889	4,624	5,513	458	
1345 Campus Parkway (F).....	1,024	5,723	6,747	274	
MORRIS COUNTY, NEW JERSEY					
FLORHAM PARK					
325 Columbia Parkway (O).....	1,564	15,596	17,160	5,558	

</TABLE>

MACK-CALI REALTY CORPORATION

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1998
(DOLLARS IN THOUSANDS)

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>
MORRIS PLAINS						
201 Littleton Road (O).....	1979	1997	--	2,407	9,627	94
250 Johnson Road (O).....	1977	1997	2,292	2,004	8,016	155
MORRIS TOWNSHIP						
340 Mt. Kemble Avenue (O).....	1985	1997	32,178	13,624	54,496	39
412 Mt. Kemble Avenue (O).....	1986	1997	40,025	15,737	62,954	30
PARSIPPANY						
2 Dryden Way (O).....	1990	1998	--	778	420	13
2 Hilton Court (O).....	1991	1998	--	1,971	32,007	
83						
600 Parsippany Road (O).....	1978	1994	--	1,257	5,594	569
7 Campus Drive (O).....	1982	1998	--	1,932	27,788	
106						
7 Sylvan Way (O).....	1987	1998	--	2,084	26,083	35
8 Campus Drive (O).....	1987	1998	--	1,865	35,456	
142						
5 Sylvan Way (O).....	1989	1998	--	1,160	25,214	169
1 Sylvan Way (O).....	1989	1998	--	1,689	24,699	681
PASSAIC COUNTY, NEW JERSEY						
CLIFTON						
777 Passaic Avenue (O).....	1983	1994	--	--	--	
7,135						
TOTOWA						
11 Commerce Way (F).....	1989	1995	--	586	2,986	67
120 Commerce Way (F).....	1994	1995	--	228	--	1,197
140 Commerce Way (F).....	1994	1995	--	229	--	1,197
2 Center Court (F).....	1998	1998	--	191	--	
2,537						
20 Commerce Way (F).....	1992	1995	--	516	3,108	28
29 Commerce Way (F).....	1990	1995	--	586	3,092	227
40 Commerce Way (F).....	1987	1995	--	516	3,260	379
45 Commerce Way (F).....	1992	1995	--	536	3,379	138
60 Commerce Way (F).....	1988	1995	--	526	3,257	232
80 Commerce Way (F).....	1996	1996	--	227	--	
1,648						
100 Commerce Way (F).....	1996	1996	--	226	--	1,647
999 Riverview Drive (O).....	1988	1995	--	476	6,024	132
WAYNE						
201 Willowbrook Boulevard (O).....	1970	1997	10,918	3,103	12,410	418
SOMERSET COUNTY, NEW JERSEY						
BASKING RIDGE						
222 Mt. Airy Road (O).....	1986	1996	--	775	3,636	17
233 Mt. Airy Road (O).....	1987	1996	--	1,034	5,033	16
BRIDGEWATER						
721 Route 202/206 (O).....	1989	1997	23,000	6,730	26,919	101
UNION COUNTY, NEW JERSEY						

CLARK						
100 Walnut Avenue (O).....	1985	1994	--	--	--	
17,608						
CRANFORD						
11 Commerce Drive (O).....	1981	1994	--	470	--	
6,088						
12 Commerce Drive (O).....	1967	1997	--	887	3,549	26
20 Commerce Drive (O).....	1990	1994	--	2,346	--	
21,991						
6 Commerce Drive (O).....	1973	1994	--	250	--	
2,704						
65 Jackson Drive (O).....	1984	1994	--	541	--	
7,006						
NEW PROVIDENCE						
890 Mountain Road (O).....	1977	1997	8,027	2,796	11,185	4,037
DUTCHESS COUNTY, NEW YORK						
FISHKILL						
300 South Lake Drive (O).....	1987	1997	--	2,258	9,031	86

<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>
MORRIS PLAINS				
201 Littleton Road (O).....	2,407	9,721	12,128	252
250 Johnson Road (O).....	2,004	8,171	10,175	210
MORRIS TOWNSHIP				
340 Mt. Kemble Avenue (O).....	13,624	54,535	68,159	1,423
412 Mt. Kemble Avenue (O).....	15,738	62,983	78,721	1,644
PARSIPPANY				
2 Dryden Way (O).....	778	433	1,211	18
2 Hilton Court (O).....	1,971	32,090	34.061	741
600 Parsippany Road (O).....	1,257	6,163	7,420	685
7 Campus Drive (O).....	1,932	27,894	29,826	617
7 Sylvan Way (O).....	2,084	26,118	28,202	616
8 Campus Drive (O).....	1,865	35,598	37,463	784
5 Sylvan Way (O).....	1,160	25,383	26,543	541
1 Sylvan Way (O).....	1,689	25,380	27,069	554
PASSAIC COUNTY, NEW JERSEY				
CLIFTON				
777 Passaic Avenue (O).....	1,100	6,035	7,135	2,449
TOTOWA				
11 Commerce Way (F).....	586	3,053	3,639	248
120 Commerce Way (F).....	228	1,197	1,425	95
140 Commerce Way (F).....	229	1,197	1,426	96
2 Center Court (F).....	191	2,537	2,728	56
20 Commerce Way (F).....	516	3,136	3,652	248
29 Commerce Way (F).....	586	3,319	3,905	324
40 Commerce Way (F).....	516	3,639	4,155	362
45 Commerce Way (F).....	536	3,517	4,053	327
60 Commerce Way (F).....	526	3,489	4,015	346
80 Commerce Way (F).....	227	1,648	1,875	203
100 Commerce Way (F).....	226	1,647	1,873	202
999 Riverview Drive (O).....	476	6,156	6,632	515
WAYNE				
201 Willowbrook Boulevard (O).....	3,103	12,828	15,931	325
SOMERSET COUNTY, NEW JERSEY				
BASKING RIDGE				
222 Mt. Airy Road (O).....	775	3,653	4,428	228
233 Mt. Airy Road (O).....	1,034	5,049	6,083	305
BRIDGEWATER				
721 Route 202/206 (O).....	6,730	27,020	33,750	703
UNION COUNTY, NEW JERSEY				
CLARK				
100 Walnut Avenue (O).....	1,822	15,786	17,608	6,395
CRANFORD				
11 Commerce Drive (O).....	470	6,088	6,558	3,021
12 Commerce Drive (O).....	887	3,575	4,462	93
20 Commerce Drive (O).....	2,346	21,991	24,337	5,727
6 Commerce Drive (O).....	250	2,704	2,954	1,545
65 Jackson Drive (O).....	542	7,005	7,547	2,919
NEW PROVIDENCE				
890 Mountain Road (O).....	3,600	14,418	18,018	361
DUTCHESS COUNTY, NEW YORK				
FISHKILL				
300 South Lake Drive (O).....	2,258	9,117	11,375	245

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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>
NASSAU COUNTY, NEW YORK						
NORTH HEMPSTEAD						
111 East Shore Road (O).....	1980	1997	8,000	2,093	8,370	94
600 Community Drive (O).....	1983	1997	--	11,018	44,070	12
ROCKLAND COUNTY, NEW YORK						
SUFFERN						
400 Rella Boulevard (O).....	1988	1995	--	1,090	13,412	975
WESTCHESTER COUNTY, NEW YORK						
ELMSFORD						
1 Warehouse Lane (I).....	1957	1997	161	3	268	100
1 Westchester Plaza (F).....	1967	1997	1,320	199	2,023	29
100 Clearbrook Road (O).....	1975	1997	1,281	220	5,366	463
101 Executive Boulevard (O).....	1971	1997	3,600	267	5,838	73
11 Clearbrook Road (F).....	1974	1997	1,367	149	2,159	
5						
150 Clearbrook Road (F).....	1975	1997	4,464	497	7,030	51
175 Clearbrook Road (F).....	1973	1997	4,826	655	7,473	210
2 Warehouse Lane (I).....	1957	1997	402	4	672	
5						
2 Westchester Plaza (F).....	1968	1997	1,760	234	2,726	
1						
200 Clearbrook Road (F).....	1974	1997	4,263	579	6,620	85
250 Clearbrook Road (F).....	1973	1997	5,630	867	8,647	229
3 Warehouse Lane (I).....	1957	1997	1,166	21	1,948	1
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	12
4 Warehouse Lane (I).....	1957	1997	8,044	84	13,393	63
4 Westchester Plaza (F).....	1969	1997	2,400	320	3,729	59
400 Executive Boulevard (F).....	1970	1997	2,403	2,202	1,846	118
5 Warehouse Lane (I).....	1957	1997	2,855	19	4,804	4
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	1
525 Executive Boulevard (F).....	1972	1997	--	345	5,499	
8						
570 Taxter Road (O).....	1972	1997	3,847	438	6,078	40
6 Warehouse Lane (I).....	1982	1997	2,654	10	4,419	6
6 Westchester Plaza (F).....	1968	1997	1,280	164	1,998	21
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	--	2,314	4,716	--
77 Executive Boulevard (F).....	1977	1997	3,982	34	1,104	6
8 Westchester Plaza (F).....	1971	1997	3,378	447	5,262	634
85 Executive Boulevard (F).....	1968	1997	1,562	155	2,507	12
HAWTHORNE						
1 Skyline Drive (O).....	1980	1997	--	66	1,711	11
10 Skyline Drive (F).....	1985	1997	1,729	134	2,799	78
11 Skyline Drive (F).....	1989	1997	--	--	4,788	
66						
15 Skyline Drive (F).....	1989	1997	--	--	7,449	
305						
17 Skyline Drive (O).....	1989	1997	--	--	7,269	
65						
2 Skyline Drive (O).....	1987	1997	--	109	3,128	10
200 Saw Mill River Road (F).....	1965	1997	2,172	353	3,353	68
30 Saw Mill River Road (O).....	1982	1997	21,553	2,355	34,254	2,802
4 Skyline Drive (F).....	1987	1997	--	363	7,513	371
7 Skyline Drive (O).....	1987	1998	--	330	13,013	36
8 Skyline Drive (F).....	1985	1997	2,734	212	4,410	85
TARRYTOWN						
200 White Plains Road (O).....	1982	1997	5,150	378	8,367	557

220 White Plains Road (O).....	1984	1997	5,030	367	8,112	156

<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>
NASSAU COUNTY, NEW YORK				
NORTH HEMPSTEAD				
111 East Shore Road (O).....	2,093	8,464	10,557	228
600 Community Drive (O).....	11,018	44,082	55,100	1,194
ROCKLAND COUNTY, NEW YORK				
SUFFERN				
400 Rella Boulevard (O).....	1,090	14,387	15,477	1,397
WESTCHESTER COUNTY, NEW YORK				
ELMSFORD				
1 Warehouse Lane (I).....	3	368	371	13
1 Westchester Plaza (F).....	199	2,052	2,251	101
100 Clearbrook Road (O).....	220	5,829	6,049	273
101 Executive Boulevard (O).....	267	5,911	6,178	290
11 Clearbrook Road (F).....	149	2,164	2,313	104
150 Clearbrook Road (F).....	497	7,081	7,578	338
175 Clearbrook Road (F).....	655	7,683	8,338	396
2 Warehouse Lane (I).....	4	677	681	32
2 Westchester Plaza (F).....	234	2,727	2,961	131
200 Clearbrook Road (F).....	579	6,705	7,284	324
250 Clearbrook Road (F).....	867	8,876	9,743	424
3 Warehouse Lane (I).....	21	1,949	1,970	93
3 Westchester Plaza (F).....	655	7,936	8,591	380
300 Executive Boulevard (F).....	460	3,609	4,069	173
350 Executive Boulevard (F).....	100	1,793	1,893	86
399 Executive Boulevard (F).....	531	7,203	7,734	345
4 Warehouse Lane (I).....	85	13,455	13,540	651
4 Westchester Plaza (F).....	320	3,788	4,108	188
400 Executive Boulevard (F).....	2,202	1,964	4,166	88
5 Warehouse Lane (I).....	19	4,808	4,827	232
5 Westchester Plaza (F).....	118	1,949	2,067	93
50 Executive Boulevard (F).....	237	2,617	2,854	125
500 Executive Boulevard (F).....	258	4,184	4,442	200
525 Executive Boulevard (F).....	345	5,507	5,852	265
570 Taxter Road (O).....	438	6,118	6,556	301
6 Warehouse Lane (I).....	10	4,425	4,435	212
6 Westchester Plaza (F).....	164	2,019	2,183	99
7 Westchester Plaza (F).....	286	4,330	4,616	211
700 Executive Boulevard (L).....	970	--	970	--
75 Clearbrook Road (F).....	2,314	4,716	7,030	226
77 Executive Boulevard (F).....	34	1,110	1,144	53
8 Westchester Plaza (F).....	447	5,896	6,343	321
85 Executive Boulevard (F).....	155	2,519	2,674	120
HAWTHORNE				
1 Skyline Drive (O).....	66	1,722	1,788	82
10 Skyline Drive (F).....	134	2,877	3,011	148
11 Skyline Drive (F).....	--	4,854	4,854	239
15 Skyline Drive (F).....	--	7,754	7,754	454
17 Skyline Drive (O).....	--	7,334	7,334	348
2 Skyline Drive (O).....	109	3,138	3,247	150
200 Saw Mill River Road (F).....	353	3,421	3,774	168
30 Saw Mill River Road (O).....	2,356	37,055	39,411	1,921
4 Skyline Drive (F).....	363	7,884	8,247	460
7 Skyline Drive (O).....	330	13,049	13,379	108
8 Skyline Drive (F).....	212	4,495	4,707	229
TARRYTOWN				
200 White Plains Road (O).....	378	8,924	9,302	492
220 White Plains Road (O).....	367	8,268	8,635	418

</TABLE>

MACK-CALI REALTY CORPORATION

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PROPERTY LOCATION(2)	YEAR BUILT	YEAR ACQUIRED	RELATED ENCUMBRANCES	INITIAL COSTS LAND	INITIAL COSTS BUILDING AND IMPROVEMENTS	COSTS CAPITALIZED TO ACQUISITION SUBSEQUENT

<S>	<C>	<C>	<C>	<C>	<C>	<C>	
230 White Plains Road (R).....	1984	1997	1,158	124	1,845	--	
WHITE PLAINS							
1 Barker Avenue (O).....	1975	1997	--	207	9,629		
143							
1 Water Street (O).....	1979	1997	3,298	211	5,382	107	
11 Martine Avenue (O).....	1987	1997	15,465	127	26,833	1,900	
25 Martine Avenue (M).....	1987	1997	--	120	11,366	129	
3 Barker Avenue (O).....	1983	1997	--	122	7,864		
337							
50 Main Street (O).....	1985	1997	27,918	564	48,105	1,425	
YONKERS							
1 Enterprise Boulevard (L).....	N/A	1997	--	1,380	--	--	
1 Executive Boulevard (O).....	1982	1997	684	1,104	11,904	386	
1 Odell Plaza (F).....	1980	1997	--	1,206	6,815		
47							
100 Corporate Boulevard (F).....	1987	1997	6,211	602	9,910	62	
2 Executive Plaza (R).....	1986	1997	7,722	89	2,439	--	
200 Corporate Boulevard South (F).....	1990	1997	--	502	7,575	137	
3 Executive Plaza (O).....	1987	1997	--	385	6,256	--	
4 Executive Plaza (F).....	1986	1997	1,528	584	6,134	275	
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		
59							
CHESTER COUNTY, PENNSYLVANIA							
BERWYN							
1000 Westlakes Drive (O).....	1989	1997	--	619	9,016	97	
1055 Westlakes Drive (O).....	1990	1997	--	1,951	19,046	200	
1205 Westlakes Drive (O).....	1988	1997	--	1,323	20,098	287	
1235 Westlakes Drive (O).....	1986	1997	--	1,417	21,215	332	
DELAWARE COUNTY, PENNSYLVANIA							
LESTER							
100 Stevens Drive (O).....	1986	1996	--	1,349	10,018	114	
200 Stevens Drive (O).....	1987	1996	--	1,644	20,186	296	
300 Stevens Drive (O).....	1992	1996	--	491	9,490	76	
MEDIA							
1400 Providence Rd--Center I (O).....	1986	1996	--	1,042	9,054		
616							
1400 Providence Rd.--Center II(O).....	1990	1996	--	1,543	16,464	797	
MONTGOMERY COUNTY, PENNSYLVANIA							
LOWER PROVIDENCE							
1000 Madison Avenue (O).....	1990	1997	--	1,713	12,559	88	
PLYMOUTH MEETING							
Five Sentry East (O).....	1984	1996	--	642	7,992	403	
Five Sentry West (O).....	1984	1996	--	268	3,334	34	
1150 Plymouth Meeting Mall (O).....	1970	1997	--	125	499	20,355	
FAIRFIELD COUNTY, CONNECTICUT							
GREENWICH							
500 West Putnam Avenue (O).....	1973	1998	11,471	3,300	16,734	200	
NORWARK							
40 Richards Avenue (O).....	1985	1998	--	1,087	18,399		
143							
SHELTON							
1000 Bridgeport Avenue (O).....	1986	1997	--	773	14,934	12	
STAMFORD							
419 West Avenue (F).....	1986	1997	--	4,538	9,246		
5							
500 West Avenue (F).....	1988	1997	--	415	1,679	--	
550 West Avenue (F).....	1990	1997	--	1,975	3,856		
4							
650 West Avenue (F).....	1998	1998	--	1,328	--		
3,624							

<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>
230 White Plains Road (R).....	124	1,845	1,969	88
WHITE PLAINS				

1 Barker Avenue (O).....	207	9,772	9,979	477		
1 Water Street (O).....	211	5,489	5,700	263		
11 Martine Avenue (O).....	127	28,733	28,860	1,295		
25 Martine Avenue (M).....	120	11,495	11,615	545		
3 Barker Avenue (O).....	122	8,201	8,323	413		
50 Main Street (O).....	564	49,530	50,094	2,401		
YONKERS						
1 Enterprise Boulevard (L).....	1,380	--	1,380	--		
1 Executive Boulevard (O).....	1,105	12,289	13,394	635		
1 Odell Plaza (F).....	1,206	6,862	8,068	328		
100 Corporate Boulevard (F).....	602	9,972	10,574	477		
2 Executive Plaza (R).....	89	2,439	2,528	117		
200 Corporate Boulevard South (F).....	502	7,712	8,214	283		
3 Executive Plaza (O).....	385	6,256	6,641	301		
4 Executive Plaza (F).....	584	6,409	6,993	342		
5 Odell Plaza (F).....	331	2,988	3,319	143		
6 Executive Plaza (F).....	546	7,246	7,792	347		
7 Odell Plaza (F).....	419	4,477	4,896	236		
CHESTER COUNTY, PENNSYLVANIA						
BERWYN						
1000 Westlakes Drive (O).....	619	9,113	9,732	425		
1055 Westlakes Drive (O).....	1,951	19,246	21,197	904		
1205 Westlakes Drive (O).....	1,323	20,385	21,708	947		
1235 Westlakes Drive (O).....	1,418	21,546	22,964	979		
DELAWARE COUNTY, PENNSYLVANIA						
LESTER						
100 Stevens Drive (O).....	1,349	10,132	11,481	507		
200 Stevens Drive (O).....	1,644	20,482	22,126	1,016		
300 Stevens Drive (O).....	491	9,566	10,057	479		
MEDIA						
1400 Providence Rd--Center I (O).....	1,042	9,670	10,712	676		
1400 Providence Rd.--Center II(O).....	1,544	17,260	18,804	1,258		
MONTGOMERY COUNTY, PENNSYLVANIA						
LOWER PROVIDENCE						
1000 Madison Avenue (O).....	1,714	12,646	14,360	418		
PLYMOUTH MEETING						
Five Sentry East (O).....	642	8,395	9,037	445		
Five Sentry West (O).....	268	3,368	3,636	184		
1150 Plymouth Meeting Mall (O).....	125	20,854	20,979	407		
FAIRFIELD COUNTY, CONNECTICUT						
GREENWICH						
500 West Putnam Avenue (O).....	3,300	16,934	20,234	352		
NORWARK						
40 Richards Avenue (O).....	1,087	18,542	19,629	157		
SHELTON						
1000 Bridgeport Avenue (O).....	773	14,946	15,719	505		
STAMFORD						
419 West Avenue (F).....	4,538	9,251	13,789	445		
500 West Avenue (F).....	415	1,679	2,094	80		
550 West Avenue (F).....	1,975	3,860	5,835	185		
650 West Avenue (F).....	1,328	3,624	4,952	30		

</TABLE>

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PROPERTY LOCATION(2)	YEAR BUILT	YEAR ACQUIRED	RELATED ENCUMBRANCES	INITIAL COSTS LAND	INITIAL COSTS BUILDING AND IMPROVEMENTS	COSTS CAPITALIZED TO SUBSEQUENT ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BEXAR COUNTY, TEXAS						
SAN ANTONIO						
111 Soledad (O).....	1918	1997	--	2,004	8,017	58
1777 N.E. Loop 410 (O).....	1986	1997	--	3,119	12,477	364
84 N.E. Loop 410 (O).....	1971	1997	--	2,295	10,382	97
200 Concord Plaza Drive (O).....	1986	1997	--	2,387	31,825	318
COLLIN COUNTY, TEXAS						
PLANO						
555 Republic Place (O).....	1986	1997	--	942	3,767	
2						
DALLAS COUNTY, TEXAS						

DALLAS						
3030 LBJ Freeway (O).....	1984	1997	--	6,098	24,366	734
3100 Monticello (O).....	1984	1997	--	1,940	7,762	4,084
8214 Westchester (O).....	1983	1997	--	1,705	6,819	67
IRVING						
2300 Valley View (O).....	1985	1997	--	1,913	7,651	342
RICHARDSON						
1122 Alma Road (O).....	1977	1997	--	754	3,015	100
HARRIS COUNTY, TEXAS						
HOUSTON						
10497 Town & Country Way (O).....	1981	1997	--	1,619	6,476	79
14511 Falling Creek (O).....	1982	1997	--	434	1,738	99
1717 St. James Place (O).....	1975	1997	--	909	3,636	116
1770 St. James Place (O).....	1973	1997	--	730	2,920	173
5225 Katy Freeway (O).....	1983	1997	--	1,403	5,610	156
5300 Memorial (O).....	1982	1997	--	1,283	7,269	81
POTTER COUNTY, TEXAS						
AMARILLO						
6900 IH--40 West (O).....	1986	1997	--	287	1,147	48
TARRANT COUNTY, TEXAS						
EULESS						
150 West Park Way (O).....	1984	1997	--	852	3,410	56
TRAVIS COUNTY, TEXAS						
AUSTIN						
1250 Capital of Texas Hwy. South (O)....	1985	1998	--	4,121	32,935	345
ARAPAHOE COUNTY, COLORADO						
AURORA						
750 South Richfield Street (O).....	1997	1998	--	2,680	23,125	27
DENVER						
400 South Colorado Boulevard (O).....	1983	1998	--	1,461	10,620	133
ENGLEWOOD						
5350 South Roslyn Street (O).....	1982	1998	--	862	6,831	
30						
9359 East Nichols Avenue (O).....	1997	1998	--	1,155	8,171	19
BOULDER COUNTY, COLORADO						
BROOMFIELD						
105 South Technology Court (O).....	1997	1998	--	653	4,936	14
303 South Technology Court-A (O).....	1997	1998	--	623	3,892	
4						
303 South Technology Court-B (O).....	1997	1998	--	623	3,892	
4						
LOUISVILLE						
1172 Century Drive (O).....	1996	1998	--	707	4,647	16
248 Centennial Parkway (O).....	1996	1998	--	708	4,647	16
285 Century Place (O).....	1997	1998	--	889	10,133	13

<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>
BEXAR COUNTY, TEXAS				
SAN ANTONIO				
111 Soledad (O).....	2,004	8,075	10,079	212
1777 N.E. Loop 410 (O).....	3,119	12,841	15,960	346
84 N.E. Loop 410 (O).....	2,296	10,478	12,774	271
200 Concord Plaza Drive (O).....	2,393	32,137	34,530	840
COLLIN COUNTY, TEXAS				
PLANO				
555 Republic Place (O).....	942	3,769	4,711	98
DALLAS COUNTY, TEXAS				
DALLAS				
3030 LBJ Freeway (O).....	6,098	25,100	31,198	685
3100 Monticello (O).....	2,511	11,275	13,786	257
8214 Westchester (O).....	1,705	6,886	8,591	178
IRVING				
2300 Valley View (O).....	1,913	7,993	9,906	200
RICHARDSON				
1122 Alma Road (O).....	754	3,115	3,869	80
HARRIS COUNTY, TEXAS				
HOUSTON				
10497 Town & Country Way (O).....	1,619	6,555	8,174	181
14511 Falling Creek (O).....	434	1,837	2,271	45

1717 St. James Place (O).....	909	3,752	4,661	112
1770 St. James Place (O).....	730	3,093	3,823	88
5225 Katy Freeway (O).....	1,403	5,766	7,169	148
5300 Memorial (O).....	1,710	6,923	8,633	179
POTTER COUNTY, TEXAS				
AMARILLO				
6900 IH--40 West (O).....	287	1,195	1,482	34
TARRANT COUNTY, TEXAS				
EULESS				
150 West Park Way (O).....	852	3,466	4,318	89
TRAVIS COUNTY, TEXAS				
AUSTIN				
1250 Capital of Texas Hwy. South (O)....	4,121	33,280	37,401	760
ARAPAHOE COUNTY, COLORADO				
AURORA				
750 South Richfield Street (O).....	2,682	23,150	25,832	444
DENVER				
400 South Colorado Boulevard (O).....	1,461	10,753	12,214	176
ENGLEWOOD				
5350 South Roslyn Street (O).....	862	6,861	7,723	169
9359 East Nichols Avenue (O).....	1,155	8,190	9,345	154
BOULDER COUNTY, COLORADO				
BROOMFIELD				
105 South Technology Court (O).....	653	4,950	5,603	101
303 South Technology Court-A (O).....	623	3,896	4,519	98
303 South Technology Court-B (O).....	623	3,896	4,519	98
LOUISVILLE				
1172 Century Drive (O).....	707	4,663	5,370	122
248 Centennial Parkway (O).....	708	4,663	5,371	122
285 Century Place (O).....	891	10,144	11,035	176

</TABLE>

MACK-CALI REALTY CORPORATION

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1998
(DOLLARS IN THOUSANDS)

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>
DENVER COUNTY, COLORADO						
DENVER						
3600 South Yosemite (O).....	1974	1998	--	556	12,980	28
DOUGLAS COUNTY, COLORADO						
ENGLEWOOD						
384 Inverness Drive South (O).....	1985	1998	--	703	5,653	50
400 Inverness Drive (O).....	1997	1998	--	1,584	19,878	24
5975 South Quebec Street (O).....	1996	1998	--	855	11,551	39
67 Inverness Drive East (O).....	1996	1998	--	1,034	5,516	10
PARKER						
9777 Pyramid Court (O).....	1995	1998	--	1,304	13,189	25
EL PASO COUNTY, COLORADO						
COLORADO SPRINGS						
1975 Research Parkway (O).....	1997	1998	--	1,397	13,221	--
JEFFERSON COUNTY, COLORADO						
LAKEWOOD						
141 Union Boulevard (O).....	1985	1998	--	774	6,891	276
MARICOPA COUNTY, ARIZONA						
GLENDALE						
5551 West Talavi Boulevard (O).....	1991	1997	6,717	2,732	10,927	5,743
PHOENIX						
19640 North 31st Street (O).....	1990	1997	7,112	3,437	13,747	4
20002 North 19th Avenue (O).....	1986	1997	3,386	1,843	7,371	15
SCOTTSDALE						

9060 E. Via Linda Boulevard (O).....	1984	1997	--	3,720	14,879	--
SAN FRANCISCO COUNTY, CALIFORNIA						
SAN FRANCISCO						
760 Market Street (O).....	1908	1997	--	5,588	22,352	36,844
HILLSBOROUGH COUNTY, FLORIDA						
TAMPA						
501 Kennedy Boulevard (O).....	1982	1997	--	3,959	15,837	127
POLK COUNTY, IOWA						
WEST DES MOINES						
2600 Westown Parkway (O).....	1988	1997	--	1,708	6,833	39
DOUGLAS COUNTY, NEBRASKA						
OMAHA						
210 South 16th Street (O).....	1894	1997	--	2,559	10,236	81
DISTRICT OF COLUMBIA						
WASHINGTON						
1400 L Street, NW (O).....	1987	1998	--	13,054	27,423	166
1709 New York Avenue, NW (O).....	1972	1998	--	19,898	29,686	158

<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>
DENVER COUNTY, COLORADO				
DENVER				
3600 South Yosemite (O).....	556	13,008	13,564	225
DOUGLAS COUNTY, COLORADO				
ENGLEWOOD				
384 Inverness Drive South (O).....	703	5,703	6,406	129
400 Inverness Drive (O).....	1,584	19,902	21,486	352
5975 South Quebec Street (O).....	856	11,589	12,445	253
67 Inverness Drive East (O).....	1,035	5,525	6,560	139
PARKER				
9777 Pyramid Court (O).....	1,305	13,213	14,518	320
EL PASO COUNTY, COLORADO				
COLORADO SPRINGS				
1975 Research Parkway (O).....	1,397	13,221	14,618	256
JEFFERSON COUNTY, COLORADO				
LAKEWOOD				
141 Union Boulevard (O).....	775	7,166	7,941	163
MARICOPA COUNTY, ARIZONA				
GLENDALE				
5551 West Talavi Boulevard (O).....	3,593	15,809	19,402	336
PHOENIX				
19640 North 31st Street (O).....	3,437	13,751	17,188	359
20002 North 19th Avenue (O).....	1,843	7,386	9,229	192
SCOTTSDALE				
9060 E. Via Linda Boulevard (O).....	3,720	14,879	18,599	388
SAN FRANCISCO COUNTY, CALIFORNIA				
SAN FRANCISCO				
760 Market Street (O).....	13,499	51,285	64,784	852
HILLSBOROUGH COUNTY, FLORIDA				
TAMPA				
501 Kennedy Boulevard (O).....	3,959	15,964	19,923	415
POLK COUNTY, IOWA				
WEST DES MOINES				
2600 Westown Parkway (O).....	1,708	6,872	8,580	183
DOUGLAS COUNTY, NEBRASKA				
OMAHA				
210 South 16th Street (O).....	2,559	10,317	12,876	271
DISTRICT OF COLUMBIA				
WASHINGTON				
1400 L Street, NW (O).....	13,054	27,589	40,643	406
1709 New York Avenue, NW (O).....	19,898	29,844	49,742	444

</TABLE>

MACK-CALI REALTY CORPORATION

REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION

DECEMBER 31, 1998
(DOLLARS IN THOUSANDS)

SCHEDULE III

<TABLE>
<CAPTION>

		INITIAL COSTS		COSTS
	YEAR			

PROPERTY LOCATION(2)	BUILT	ACQUIRED	ENCUMBRANCES	LAND	BUILDING AND IMPROVEMENTS	CAPITALIZED SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PRINCE GEORGE'S COUNTY, MARYLAND						
LANHAM						
4200 Parliament Place (O).....	1989	1998	--	2,114	13,546	198
PROJECTS UNDER DEVELOPMENT.....			--	40,200	--	4,418
FURNITURE, FIXTURES & EQUIPMENT.....			--	--	--	5,686
TOTALS.....			$ 749,331	$ 488,872	$ 2,584,351	$ 394,576

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>
PRINCE GEORGE'S COUNTY, MARYLAND				
LANHAM				
4200 Parliament Place (O).....	2,114	13,744	15,858	164
PROJECTS UNDER DEVELOPMENT.....	40,200	4,418	44,618	4
FURNITURE, FIXTURES & EQUIPMENT.....	--	5,686	5,686	1,716
TOTALS.....	$ 510,534	$ 2,957,265	$3,467,799	$ 177,934

</TABLE>

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(1) The aggregate cost for federal income tax purposes at December 31, 1998 was approximately $2.31 billion.

(2) Legend of Property Codes:

<TABLE>
<S> <C>

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

</TABLE>

NOTE TO SCHEDULE III

Changes in rental properties and accumulated depreciation for the periods ended December 31, 1998, 1997 and 1996 are as follows:

<TABLE>
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	1998	1997	1996
<S>	<C>	<C>	<C>
RENTAL PROPERTIES:			
Balance at beginning of year.....	$ 2,629,616	$ 853,352	$ 387,675
Additions.....	838,183	1,776,264	473,371
Retirements/Disposals.....	--	--	(7,694)
Balance at end of year.....	$ 3,467,799	$ 2,629,616	$ 853,352
Accumulated Depreciation:			
Balance at beginning of year.....	$ 103,133	$ 68,610	$ 59,095
Depreciation expense.....	74,801	34,523	12,810
Retirements/Disposals.....	--	--	(3,295)
Balance at end of year.....	$ 177,934	$ 103,133	$ 68,610

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</TABLE>

Exhibit 10.1

AGREEMENT OF LIMITED PARTNERSHIP
OF
HPMC DEVELOPMENT PARTNERS, L.P.
A DELAWARE LIMITED PARTNERSHIP

DATED AS OF THE 23RD DAY OF APRIL, 1998

THE INTERESTS ISSUED UNDER THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER THE APPLICABLE STATE SECURITIES LAWS, IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION AND QUALIFICATION PROVIDED IN THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION OR REGISTRATION UNDER THE APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

IN ADDITION, THE INTERESTS ISSUED UNDER THIS AGREEMENT MAY BE SOLD OR TRANSFERRED ONLY IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFER SET FORTH HEREIN.

AGREEMENT OF LIMITED PARTNERSHIP
OF
HPMC DEVELOPMENT PARTNERS, L.P.
A DELAWARE LIMITED PARTNERSHIP

THIS AGREEMENT OF LIMITED PARTNERSHIP ("Agreement") is made and entered into as of the 23rd day of April, 1998, by and among HCG DEVELOPMENT, L.L.C., a Delaware limited liability company, as the managing general partner ("Highridge GP" or for so long as Highridge GP is a General Partner, the "Managing General Partner"), SUMMIT PARTNERS I, L.L.C., a Delaware limited liability company, as a limited partner (the "Highridge Limited Partner"), and MACK-CALI CALIFORNIA DEVELOPMENT ASSOCIATES L.P., a California limited partnership, as a limited partner (the "Mack-Cali Limited Partner" and together with the Highridge Limited Partner, the "Limited Partners"), with reference to the following:

RECITALS

A. The Managing General Partner and the Limited Partners desire to form a limited partnership pursuant to the provisions of the Revised Uniform Limited Partnership Act of the State of Delaware, Delaware Code, Title 6 Sections 117-101, ET SEQ., as amended from time to time, and to constitute themselves as HPMC DEVELOPMENT PARTNERS, L.P., a Delaware limited partnership (the "Partnership") for the purposes set forth in Sections 1.5 and 1.11, and on the terms and conditions set forth in this Agreement.

B. The Managing General Partner and each of the Limited Partners desires to make its respective capital contributions to the Partnership as described in this Agreement and to be admitted as a Partner of the Partnership.

C. In order to effect the foregoing, the parties hereto desire to enter into this Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein (the receipt and sufficiency of which hereby are acknowledged by each party hereto), the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1

GENERAL PROVISIONS

1.1 FORMATION. The Managing General Partner, as the general partner, and the Highridge Limited Partner and the Mack-Cali Limited Partner, as limited partners, hereby form the Partnership as a limited partnership pursuant to the terms of this Agreement and the Act. This Agreement shall constitute the agreement of limited partnership among the Partners. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in Section

1.10 and Exhibit A. The Partners further agree to take such other actions as may from time to time be necessary or appropriate under the laws of the States of Delaware and California with respect to the formation, operation, qualification and continued good standing of the Partnership as a limited partnership in such jurisdictions.

1.2 NAME OF PARTNERSHIP. Subject to Section 1.3., the name of the Partnership shall be "HPMC DEVELOPMENT PARTNERS, L.P.," or such other name as may be reasonably Approved by the General Partners from time to time.

1.3 CERTIFICATE OF LIMITED PARTNERSHIP. The Managing General Partner shall execute the Certificate of Limited Partnership (the "CERTIFICATE") for the Partnership, and the Managing General Partner shall (i) cause the Certificate to be filed in the Office of the Secretary of State of the State of Delaware as required by the Act, and (ii) cause the Partnership to take any other steps that are necessary for the Partnership to own the Investments and operate the Properties and to conduct the Partnership's business in Delaware and California, promptly after the date hereof. The Certificate shall be amended whenever, and within the time periods, required by the Act, or otherwise when reasonably Approved by the Partners.

1.4 PRINCIPAL OFFICE, RESIDENT AGENT AND REGISTERED OFFICE. The principal office of the Partnership shall be located at 300 Continental Boulevard, Suite 360, El Segundo, California 90245, or at such other place or places as from time to time be reasonably Approved by the General Partners; PROVIDED, HOWEVER, that the Partnership shall at all times maintain a registered agent and an office in the State of Delaware and the State of California. The name and address of the registered agent for service of process on the Partnership in the State of Delaware is Paracorp Incorporated, 15 East North Street, Dover, Delaware 19901. The address of the registered office of the Partnership in the State of Delaware is c/o Paracorp Incorporated, 15 East North Street, Dover, Delaware 19901. The name and address of the registered agent for service of process on the Partnership in the State of California is Mark Abramson, Esq., 300 Continental Boulevard, Suite 360, El Segundo, California 90245. The address of the registered office of the Partnership in the State of California shall be the principal office of the Partnership. Such principal office, registered agent or registered office may be changed upon the reasonable Approval of the General Partners, so long as in accordance with the Act; concurrently with any such change, written notice thereof shall be

given to each Partner. Promptly following execution and delivery of this Agreement, and filing of the Certificate with the Secretary of State of the State of Delaware, the Managing General Partner shall cause the Partnership to register as a foreign limited partnership in the Office of the Secretary of State of California and in such other jurisdictions as are necessary or desirable. Such registration shall be amended by the General Partners whenever required by the laws of each such jurisdiction.

1.5 PURPOSES OF PARTNERSHIP. The purposes of the Partnership shall be:

1.5.1 Subject to the other provisions of this Agreement, to acquire the Investments for investment purposes, and to own, hold, rehabilitate, develop with office buildings, manage, maintain, entitle, plat, subdivide, operate, finance, refinance, rezone, improve, lease, and to sell, exchange or otherwise dispose of the El Segundo Land (more particularly described on Exhibit D-1) and the Summit Ridge Land (more particularly described on Exhibit D-2), and any other property Approved by the Partners (as improved from time to time, the "Properties") and interests therein, whether directly or through Investment Entities formed by the Partnership as provided in Section 1.5.2.

1.5.2 Subject to the other provisions of this Agreement, to acquire any other assets that are incidental to the foregoing which have been Approved by the Partners (the Properties and other assets owned by the Partnership, including interests in Entities owning Properties or interests therein, are referred to as the "Investments"). The Partnership shall, unless otherwise Approved by the Partners, cause each Property to be acquired, developed and owned by a separate limited liability company or limited partnership formed by the Partnership for the purpose of acquiring the same or interests therein (each such partnership or limited liability company, together with any Entity in which such limited liability company or partnership owns a direct or indirect equity ownership interest, an "Investment Entity"), and the Partnership may form one or more other subsidiaries to serve as a general partner of any limited partnership or as a member of any limited liability company formed for Partnership purposes on terms reasonably Approved by the Partners. The Partnership may take all actions required or permitted to be taken by it under each Investment Entity Agreement (such actions to be required to be Approved by the Partners to the extent required by this Agreement). The Partnership may engage in any and all other general business activities incidental or reasonably related to the foregoing.

1.6 FUNDING PROPORTIONS; RESIDUAL PERCENTAGES

1.6.1 The respective Funding Proportions and Residual Percentages in the Partnership of the Partners are set forth on Exhibit B.

1.6.2 Unless the context otherwise clearly indicates, the term "interest" or "interests" in the Partnership shall include both General Partner interests and Limited Partner interests. A Partner's interest in the Partnership shall mean and include its share of the capital

of the Partnership, its share of the Profits and Losses, its share of Gain or Loss on Disposition and other tax items of the Partnership, its share of the distributions of the Partnership, its Capital Account, and its other rights and obligations, all as determined under this Agreement.

1.7 OTHER QUALIFICATIONS. At the expense of the Partnership, the General Partners shall cause the Partnership to be qualified to do business in each jurisdiction in which such qualification becomes necessary (including California), on or before the date on which such qualification becomes necessary.

1.8 TERM OF PARTNERSHIP. The term of the Partnership commenced as of the date of filing the Certificate and shall continue until the Partnership shall be dissolved, liquidated and terminated pursuant to the provisions of Article 8.

1.9 TITLE TO PARTNERSHIP PROPERTY. Unless otherwise Approved by the Partners, legal title to all of the Partnership's assets, including the Properties and the Investments, shall be held by the Partnership, either directly or through Investment Entities formed by the Partnership to acquire such assets. It is expressly understood and agreed that the manner of holding title to Partnership property is solely for the convenience of the Partners; accordingly, legal representatives, beneficiaries, distributees, partners, shareholders, members, successors or assigns of any Partner shall have no right, title or interest in or to any such Partnership property by reason of the manner in which title is held, but all such property shall be treated as Partnership property subject to the terms of this Agreement.

1.10 DEFINITIONS. Capitalized terms that are used in this Agreement shall have the meanings set forth on Exhibit A.

1.11 AUTHORIZED ACTS. In furtherance of its purposes, and subject to the provisions of this Agreement, the Partnership and its General Partners shall have the full power and authority to take in the Partnership's name all actions that are necessary, useful, appropriate or helpful in connection therewith, including the actions described in Section 5.1.1 hereof.

1.12 AUTHORIZED REPRESENTATIVES. The "Authorized Representatives" of a Partner that is not a natural person shall be those representatives designated by notice to all other Partners by such Partner from time to time to represent such Partner in connection with the Partnership, unless and until replaced or removed by notice from such Partner to all Partners. The written statements and representations of an Authorized Representative for a Partner that is not a natural Person shall be the only authorized statements and representations of such Partner with respect to the matters covered by this Agreement. The initial Authorized Representatives are (i) John S. Long, Eugene S. Rosenfeld, Steven A. Berlinger and Jack Mahoney for the Highridge Partners, and (ii) Thomas Rizk, Mitchell E. Hersh, Roger W. Thomas and Barry Lefkowitz for the Mack-Cali Partners. The written statement or representation of any one Authorized Representative of such Partner shall be sufficient to bind such Partner with respect to all matters pertaining to the Partnership. The term "Approved by" or "Consented to by" or "Consent of" or "satisfactory to" with respect to a Partner that is not a natural Person means a decision or action which has been consented to in writing by the Authorized Representative of such Partner (or orally to the extent that the Partners have adopted a course of conduct pursuant to which certain Approvals, other than those described below in this Section 1.12, are granted orally), and with respect to a Partner who is an individual, means a decision or action which has been consented to in writing by such individual. In order for a decision or action to be "Approved by the Partners" (or any variation thereof), the decision or action must be Approved by at least one Authorized Representative of each Partner who then continues to have Approval rights with respect to such action or decision under this Agreement. In order for a decision or action to be "Approved by the General Partners" (or any variation thereof), the decision or action must be Approved by at least one Authorized Representative of each then General Partner. Notwithstanding anything in this Agreement to the contrary (including any course of conduct regarding oral Approvals that has been adopted by the Partners), the following Approvals must be given in writing (to the extent Approval is required therefor) in order to be effective: (1) acquisition by the Partnership or an Investment Entity of a Property other than the El Segundo Land and the Summit Ridge Land (the acquisition of which hereby is Approved by the Partners pursuant to the

Approved Development Plans with respect thereto that are described on Exhibit C), (2) any borrowing by the Partnership or an Investment Entity, (3) the sale or other disposition of any Investment or Property, (4) adopting or materially modifying a Development Plan for any Property or any Approved Budget contained therein, including any Approved Overhead Budget contained therein or Approved by the Partners in connection therewith (the Partners hereby confirm that the initial Approved Development Plan, Approved Budget, and Approved Overhead Budget for each of the El Segundo Land and the Summit Ridge Land are described on Exhibit C), (5) liquidating the Partnership or any Investment Entity and (6) issuing a Funding Notice as provided in Section 2.1.2.1(ii). Section 5.1.6.2 sets forth the procedure for obtaining Approvals.

ARTICLE 2

CAPITAL CONTRIBUTIONS
AND ADDITIONAL CONTRIBUTIONS

2.1 CAPITAL CONTRIBUTIONS.

2.1.1 INITIAL CAPITAL CONTRIBUTIONS. (a) Each Partner has contributed the amount in cash to the capital of the Partnership that is set forth for such Partner on Exhibit B as its Section 2.1.1 Contribution (Cash).

(b) The Highridge Partners hereby assign to the Partnership, by contribution to the capital of the Partnership, their entire right, title and interest in and to the land located in El Segundo California that is more particularly described on Exhibit D-1 (the "El Segundo Land"). The aggregate agreed value of the El Segundo Land (and its Gross Asset Value) that shall constitute Section 2.1.1 Contributions of the Highridge Partners and shall be credited to the Capital Accounts of the Highridge Partners (in the proportion set forth on Exhibit B) equals $9,000,000, of which $7,000,000 shall constitute Invested Capital of the Highridge Partners and $2,000,000 shall constitute the "Highridge Subordinated Contributions" (on which Highridge Subordinated Contribution Return accrues). The Partnership shall contribute its interest in the El Segundo Land to an Investment Entity prior to its development. For convenience, the foregoing contribution to the Partnership and subsequent contribution by the Partnership to such Investment Entity may be accomplished by a direct deed of title to the El Segundo Land from Affiliates of the Highridge Partners to such Investment Entity (and such direct deed hereby is Approved by the Partners). The Highridge Partners shall timely execute and record such documents as are necessary to reflect the transfer of legal title to the El Segundo Land to such Investment Entity (in form reasonably Approved by the Mack-Cali Limited Partner).

2.1.2 ADDITIONAL CAPITAL CONTRIBUTIONS.

2.1.2.1 GENERAL RULES. Except as provided in this Section 2.1.2, no Partner shall be required to make any Capital Contributions other than those described in Sections 2.1.1, 3.5.4 and 4.3.2. Each Partner shall be required to make additional Capital Contributions to the Partnership if any General Partner or the Mack-Cali Limited Partner gives notice to all Partners (a "Funding Notice") that meets the requirements of this Section 2.1.2. If a Funding Notice is properly issued, the amount of additional Capital Contributions so required from each Partner ("Required Additional Contributions") shall be (except as otherwise provided in this Section 2.1.2) the amount to be contributed by such Partner pursuant to the Sections of this Agreement referenced below in this Section 2.1.2.1 upon the occurrence of the circumstances giving rise to the obligation of one or more of the Partners to make such Required Additional Contributions under this Agreement, as specified in such

Funding Notice (the collective dollar obligation of the Partners with respect thereto for such Funding Notice is referred to as a "Shortfall"):

(i) the Mack-Cali Partners shall be required to fund 100% of any additional Required Additional Contributions in order to make the Capital Equalization Distribution described in Section 2.1.2.3;

(ii) except as specifically Approved in writing by the Partners after the execution of this Agreement, no Funding Notice may be issued except to the extent amounts described in preceding clause (i) or clause (iii) of this Section 2.1.2.1, and/or in Sections 3.5.4 and 4.3.2 are required to be contributed to the Partnership by one or more Partners; and

(iii) Notwithstanding any provision of this Agreement to the contrary, (a) if and to the extent that distributions have been made to the Partners pursuant to the preferential distribution thereof described in Sections 4.1.1 (d), (e) or (f) (but not pursuant to Section 2.1.2.3 except as provided below, and not in payment of Undistributed Highridge Subordinated Contributions or Undistributed Highridge Subordinated Return pursuant to the preferential distribution thereof described in Section 4.1.2), such distributions shall be recontributed to satisfy any Shortfall of the Partnership other than a Shortfall described in clause (i) of this Section 2.2.2.1 (in the ratio distributed to the Partners under such Sections) in response to a Funding Notice concerning such Shortfall (such recontributions to constitute Required Additional Contributions for purposes of this Agreement); and (b) if and to the extent distributions have been made to the Highridge Partners pursuant to Section 2.1.2.3, the Highridge Partners shall recontribute (and the Mack-Cali Limited Partner shall contribute) in response to such Funding Notice (prior to making the recontributions described in preceding clause (a)) such portion of such distributions as are necessary for the Invested Capital of Highridge Partners and the Mack-Cali Limited Partner (determined after taking into account such recontribution by the Highridge Partners and contribution by the Mack-Cali Limited Partner) to be in the ratio of their respective Funding Proportions (such recontribution and contribution by such Partners to constitute Required Additional Contributions for all purposes of this Agreement).

Except as provided below, no Partner shall be required to issue a Funding Notice under any circumstances. Notwithstanding the preceding sentence, the Managing General Partner shall be required to issue a Funding Notice within five (5) days after receiving notice from the Mack-Cali Limited Partner that a Funding Notice is required in order to fund the amounts described in this Section 2.1.2 that are then due and payable (the Mack-Cali Limited Partner shall not be required to issue such a notice under any circumstances). A Funding Notice may be issued by the Mack-Cali Limited Partner if the Managing General Partner shall fail to do so within such 5-day period. Each Funding Notice shall describe the Shortfall and set forth the Required Additional Contribution of each Partner as determined pursuant to this Section 2.1.2. If a Funding Notice is properly issued as provided above in this Section 2.1.2, each Partner shall contribute its Required Additional Contributions on or before the Due Date therefor under Section 2.2.1. The provisions of this Section 2.1.2 which provide that a Funding Notice must be validly issued before additional Capital Contributions are required to be made shall not affect in any way the obligation of any Partner to pay to the Partnership or to the other Partners, as the case may be, any amount required to be paid by such Partner to them under this Agreement (it being agreed that the issuance of a Funding Notice shall not be required in order for the Partnership or any Partner to enforce any such payment obligation).

2.1.2.2 SPECIAL DISTRIBUTION. Notwithstanding the other provisions of this Agreement, to the extent the amount of the construction financing for the El Segundo

Land and Summit Ridge Land exceeds $27.2 million but does not exceed $28.2 million, a special distribution shall be made to the Mack-Cali Limited Partner, which distribution (a) shall be deemed to have been made pursuant to Section 4.1.1(c) in partial repayment of the Invested Capital of the Mack-Cali Limited Partner (such distribution not to exceed $1 million), and (b) shall be made prior to any other distributions to the Partners under Article 4.

2.1.2.3 CAPITAL EQUALIZATION. Notwithstanding any other provision of this Agreement, at any time after the later to occur of (a) the date that is one year after the date of this Agreement or (b) the El Segundo Valuation Date, Highridge GP may elect, by notice to the Mack-Cali Limited Partner to cause a special distribution to be made by the Partnership to the Highridge Partners as provided in this Section 2.1.2.3 (the "Capital Equalization Distribution"). The Capital Equalization Distribution shall be made from cash on hand of the Partnership that is available for distribution to the Partners under Sections 4.1.1, 4.1.2 and 4.2.3 before any distribution is made under those Sections to the Partners. To the extent there is insufficient cash on hand to make the entire Capital Equalization Distribution, Highridge GP may issue a Funding Notice to the Mack-Cali Limited Partner pursuant to which the Mack-Cali Limited Partner shall be obligated to fund 100% of such deficit (which amount shall be distributed to the Highridge Partners upon receipt by the Partnership). Any such contribution by the Mack-Cali Limited Partner shall constitute Capital Contributions (and Invested Capital) of the Mack-Cali Limited Partner for all purposes of this Agreement. The maximum amount of such contribution from the Mack-Cali Limited Partner shall not exceed the lesser of (i) $4,000,000 or (ii) the maximum amount of Required Additional Contributions

then remaining with respect to the Mack-Cali Limited Partner. The Capital Equalization Distribution shall be deemed to be a distribution made to the Highridge Partners under Section 4.1.1(c) in repayment of the Highridge Partners' Invested Capital (pro rata to each Highridge Partner in proportion to the then Invested Capital of each Highridge Partner). The amount of the Capital Equalization Distribution shall equal the amount that is necessary to cause the Invested Capital of the Highridge Partners (determined after making the Capital Equalization Distribution and taking into account any distributions to the Partners made pursuant to Sections 2.1.1.2 above and 2.1.2.4 below) to equal 20% of the aggregate Invested Capital of all Partners (determined after making the Capital Equalization Distribution and after the Mack-Cali Limited Partner's Invested Capital has been increased for purposes of this computation by any Mack-Cali Limited Partner contribution that would then be required to be made pursuant to this Section 2.1.2.3). Notwithstanding the foregoing, in no event shall the Capital Equalization Distribution exceed $4,000,000.

2.1.2.4 MEZZANINE FINANCING. The Mack-Cali Limited Partner shall have the right, upon notice to the Highridge Partners but subject to the reasonable Approval of the Managing General Partner, to cause the Partnership to obtain Third Party Mezzanine Financing (with respect to which no Partner or its Affiliates shall be required to provide any personal guaranties of repayment without such Partner's Approval), PROVIDED, HOWEVER, that if such financing is obtained, the Mack-Cali Limited Partner shall cause the Capital Equalization Distribution to be made to the Highridge Partners as provided

in Section 2.1.2.3 prior to making any distributions to the Partners under Article 4 thereafter (including distributions of the proceeds of such Third Party Mezzanine Financing). As an alternative to Mack-Cali making the contribution described in Section 2.1.2.3 in order to make such Capital Equalization Distribution, the Partners may accomplish the same result by making first distributions to the Highridge Partners from the proceeds of such Third Party Mezzanine Financing as necessary to place the Partners' Invested Capital in the same ratio as if the contribution and distribution described in Section 2.1.2.3 had occurred. Distributions to the Highridge Partners pursuant to this Section 2.1.2.4 shall be deemed to have been made pursuant to Section 4.1.1(c) in repayment of the Highridge Partners' Invested Capital.

2.1.3 CONTRIBUTIONS OF SERVICES. The Residual Percentage of any Partner in excess of such Partner's Funding Proportion shall be deemed to be a profits interest that has been received in exchange for services rendered or to be rendered by such Partner to or for the benefit of the Partnership (such excess Residual Percentage having no currently predictable distributions or value).

2.2 THIRD-PARTY LOANS AND ADDITIONAL CAPITAL CONTRIBUTIONS AND CAPITAL CALLS.

2.2.1 If a Funding Notice is properly given by a Partner pursuant to Section 2.1.2, each Partner shall have the obligation, subject to the limitations contained in Section 2.1.2, to contribute its Required Additional Contributions within five (5) days after the later to occur of (i) the date on which the Funding Notice with respect thereto has been received (or deemed received under Section 9.5) or (ii) the required funding date that is set forth in the Funding Notice (the expiration of such five-day period is referred to as the "Due Date"). There shall be a cure period of five (5) days after the Due Date for each Partner to contribute its Required Additional Contribution, as provided in Section 2.2.2.

2.2.2 If any Partner fails to contribute the full amount of its Capital Contributions required to be made pursuant to Section 2.1.2 and Section 2.2.1 within five (5) days after the Due Date thereunder (such Partner and any other Partner in such Partner's Partner Group thereupon being collectively referred to as the "Defaulting Partner"), then, as the exclusive remedies of the Partnership and the other Partners who are not Defaulting Partners (the "Non-Defaulting Partners"), the Non-Defaulting Partner shall have the following remedies, exercisable by notice from the Non-Defaulting Partners to the Defaulting Partner: (i) to elect to treat the Defaulting Partner as a Terminated Partner under Section 7.9 (and pursue the remedies under this Agreement that apply after a Partner becomes a Terminated Partner), (ii) to cause the Partnership to sue the Defaulting Partner for actual (and not consequential) damages that shall be limited to the portion of the Defaulting Partner's share of the Shortfall Disbursement that was not received timely, plus interest at the rate equal to the lesser of (x) fifteen percent (15%) per annum or (y) the maximum interest rate permitted by law, and plus the costs of collection, and (iii) to elect to lend (or to cause the Non-Defaulting Partners' Affiliates to lend), to the Defaulting Partner or to the Partnership, as Approved by the Non-Defaulting Partners, the amount of such Capital Contribution that was not made

timely by the Defaulting Partner. The remedies described in clauses (i), (ii) and (iii) of this Section 2.2.2 shall be cumulative, and all or any of them may be elected and apply simultaneously, except as provided in Section 2.2.2.1.

2.2.2.1 If the Non-Defaulting Partners choose to lend (or to cause their Affiliates to lend) the amount of the Required Additional Contribution not made timely by the Defaulting Partner, the loan shall be a recourse loan to the Partnership or to the Defaulting Partner, as elected by the Non-Defaulting Partners, and shall bear interest, compounded monthly, at the rate equal to the lesser of (i) the maximum interest rate permitted by law or (ii) fifteen percent (15%) per annum, from the date such loan is made until the date of repayment. Such loan shall be deemed to have been made to the Defaulting Partner (and not to the Partnership) only if the Non-Defaulting Partners (or the Non-Defaulting Partners' Affiliate) has paid such amount directly to the Partnership and specifies, by notice to the Partners given within two (2) Business Days after such funding, that the loan is being made to the Defaulting Partner, in which case (1) said amount shall be deemed to have been contributed to the Partnership by the Defaulting Partner for purposes of determining the Capital Contributions made by the Defaulting Partner, its Invested Capital and the Preferred Return thereon, (2) the remedies against the Defaulting Partner described in Sections 2.2.2(ii) and 9.2 shall not apply with respect to said amount, and (3) the Defaulting Partner shall still be deemed to be a Terminated Partner for purposes of applying the remedies contained in Section 7.9 and for all other provisions of this Agreement. Repayment of any such loan to the Defaulting Partner shall be effected by the General Partners being required to cause the Partnership to pay directly to the Non-Defaulting Partners all distributions otherwise payable to the Defaulting Partner under this Agreement as and when payable, instead of making such distributions to the Defaulting Partner (with such distributions being deemed for all purposes to have been made to the Defaulting Partner and then paid by the Defaulting Partner to the Non-Defaulting Partners or their Affiliates, as the case may be). Repayment of any such loan to the Partnership shall be made as provided in Section 4.1 and Section 4.2.2. Any payments made with respect to loans described in this Section 2.2.2.1 shall first be deemed to pay accrued but unpaid interest, and then be deemed to repay principal.

2.2.2.2 If none of the Partners timely contributes any portion of its
Required Capital Contribution pursuant to a Funding Notice, there shall be no remedy of any Partner or the Partnership against any other Partner by reason of the failure to make such Required Capital Contributions.

2.2.3 Except as otherwise specifically set forth in this Agreement, no Partner shall have the right (i) to withdraw such Partner's Capital Contribution or to demand or receive the return of a Capital Contribution or to make any claim to any portion of Partnership capital or (ii) to demand or receive property other than cash in return for a Capital Contribution or to receive any cash in return for a Capital Contribution.

2.2.4 Except as expressly provided in this Agreement, no Partner shall have personal liability to make any Capital Contribution.

2.2.5 A deficit Capital Account of a Partner (or of a partner, member or venturer of a Partner) shall not be deemed to be a liability of such Partner (or of such partner, member or venturer) or an asset or property of the Partnership (or any Partner). Furthermore, no Partner shall have any obligation to the Partnership, any other Partner or any creditor of any of them or of any Investment Entity for any deficit balance in such Partner's Capital Account.

2.3 USE OF CAPITAL CONTRIBUTIONS; CERTAIN EXPENSES. The initial cash Capital Contributions made pursuant to Section 2.1.1(a) shall be used as follows: (i) to pay unpaid third-party formation and start-up costs of the Partnership and the Investment Entities, the acquisition costs of the Investments (including the costs of entering into and performing under the Acquisition Documents) that have been Approved by the Partners, and any reimbursements (limited to each Partner's cost) included in the Initial Approved Budget contained in the Approved Development Plan attached as Exhibit C with respect to due diligence, formation and start-up expenditures; including attorneys' fees and expenses and formation and qualification costs (and to reimburse each Partner, limited to such Partner's cost, for portions thereof already paid by such Partner or its Affiliates), such amounts (a) to include the Partners' attorneys fees and expenses in connection with the preparation of this Agreement, and the documents contemplated hereby, and (b) to be paid or reimbursed to the Partners by the Partnership out of such Capital Contributions promptly after invoices for such amounts are submitted to the Partnership and to each Partner, and (ii) the balance, if any, shall be held in reserves pending expenditure as set forth in an Approved Budget (or otherwise as Approved by the Partners) or as permitted without such Approval under Section 5.1.3.2, Section 5.1.3.3 or Section 5.1.3.4; PROVIDED, HOWEVER, that $1 million of the expense reimbursement with respect to the El Segundo Land and the Summit Ridge Land payable to the Highridge Partners that is described on Exhibit M shall not be paid currently as provided above but shall instead be paid to the Highridge

Partners as a Partnership expense, together with interest at an annual rate of 10% per annum from the Agreement Date to the date of payment, on the date which is thirty days after the date on which this Agreement has been executed and delivered by all parties hereto. The Partners hereby confirm that the expense reimbursements of the Highridge Partners that are described on Exhibit M have been Approved by the Partners.

2.4 PARTNER LOANS. (a) If available cash flow, borrowings and Capital Contributions are insufficient for the reasonable requirements of the Partnership, the Mack-Cali Limited Partner if it is not a Terminated Partner, shall have the unilateral right (but not the obligation) to finance (directly, or through an Affiliate) any Partnership expenditure at an interest rate equal to the lesser of (i) ten percent (10%) per annum or (ii) the maximum rate permitted by law, provided, however, that prior to making any loan pursuant to this Section 2.4(a), the Mack-Cali Limited Partner shall, unless a Highridge Partner is a Terminated Partner, give at least ten (10) Business Days prior written notice to the Highridge

GP and offer to the Highridge Partners the opportunity to participate (in proportion to the Partners' Funding Proportions) in such loan. Any notice from the Mack-Cali Limited Partner pursuant to this Section 2.4(a) shall specify the amount of such loan, the share thereof which the Highridge Partners may lend and the earliest date on which such loan is to be made to the Partnership (which date shall not, except in case of Emergency, be earlier than ten (10) Business Days after such notice is received by the Highridge GP). The Highridge Partners may participate in any loan pursuant to this Section 2.4(a), if at all, only by delivery to the Mack-Cali Limited Partner, not later than the date specified in such notice, of its share of such loan. All loans described in this Section 2.4(a) shall be repayable as provided for in Sections 4.1 and 4.2.

(b) [INTENTIONALLY OMITTED.]

2.5 CONTRIBUTIONS TO INVESTMENT ENTITIES. Notwithstanding anything in this Agreement to the contrary, to the extent that the reasonable needs of the business of any Investment Entity require funding of expenditures in excess of the reserves, other assets and available borrowings of the Partnership and such Investment Entity that have been Approved by the Partners (whether in an Approved Budget, Approved Development Plan or otherwise) for the payment thereof other than with respect to a Property that is the subject of an Abandonment Decision, (a) the Mack-Cali Limited Partner may (but shall not be required to) elect, by notice to the Managing General Partner, or (b) the Managing General Partner may (but shall not be required to) elect, by notice to the Mack-Cali Limited Partner, to cause the Partnership to retain (in lieu of distributing the same under Article 4) otherwise distributable Net Available Cash, Net Mortgage Proceeds and Capital Receipts from any source (including other Properties and Investment Entities) and cause the Partnership to contribute such amounts to such Investment Entity for use by it for the payment of such expenditures; PROVIDED, HOWEVER, that the maximum aggregate amount of cash that is retained pursuant to all notices given pursuant to this Section 2.5 with respect to any Investment Entity shall not exceed twenty-five percent (25%) of the Capital Contributions made by the Partnership to such Investment Entity for all periods (regardless of whether distributed back to the Partnership), other than Capital Contributions made by the Partnership to such Investment Entity pursuant to this Section 2.5.

ARTICLE 3

INCOME TAX ALLOCATIONS

3.1 ESTABLISHMENT AND MAINTENANCE OF CAPITAL ACCOUNTS; PARTNERSHIP STATUS. The General Partners shall establish and cause the Partnership to maintain a single book Capital Account for each Partner which reflects each Partner's Capital Contributions to the Partnership and a single tax capital account which reflects the adjusted tax basis of the Capital Contributions (including the El Segundo Land and the amounts described in Section 2.1.2.2)

contributed by each Partner to the Partnership. Each Capital Account and tax capital account shall also reflect the allocations and distributions made pursuant to Articles 3 and 4 and otherwise be adjusted in accordance with Code Section 704 and the principles set forth in Regulations Sections 1.704-1(b) and 1.704-2. In applying such principles, any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) shall be allocated among the Partners in the same manner as such expenditures would be allocated among the Partners pursuant to this Article 3 if such expenditures were treated as additional items of deduction of the Partnership (as computed for book purposes) that were recognized and required to be allocated among the Partners pursuant to this Article 3 with respect to the Partnership Accounting

Year in which such expenditures were made. The Partners intend that the Partnership be treated as a partnership for tax purposes.

3.2 PROFIT AND LOSS ALLOCATIONS. Except as expressly provided to the contrary in this Section 3.2, for purposes of determining Capital Account balances under this Section 3.2, (a) Profit and Loss with respect to any Partnership Accounting Year shall be allocated prior to reducing Capital Accounts by any distributions with respect to such Partnership Accounting Year, and (b) Section 3.2 shall be applied before applying Section 3.3.

3.2.1 LOSS FROM OPERATIONS. For each Partnership Accounting Year from the Agreement Date until the termination of the Partnership, Loss from Partnership operations shall be allocated among the Partners in the following order of priority:

3.2.1.1 First, among the Partners as necessary to cause each Partner's
Capital Account balance to equal the sum of (i) the amount of Net Available Cash that would be distributed to such Partner pursuant to Section 4.1 with respect to such Partnership Accounting Year if the Partnership distributed all of the Net Available Cash for such Partnership Accounting Year without any portion thereof being withheld as reserves or reinvested, plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership (a) distributed all Capital Receipts and Net Mortgage Proceeds received with respect to such Partnership Accounting Year (without any portion thereof being retained as reserves or reinvested) pursuant to Section 4.1 and (b) then sold all of its remaining assets (including its interest in every Investment Entity) for their adjusted tax basis (or adjusted book basis in the case of Revalued Property) and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3; and

3.2.1.2 Second, after giving effect to the allocations made pursuant to Sections 3.2.1.1 among the Partners in proportion to the Partners' respective Funding Proportions.

3.2.2 PROFIT FROM OPERATIONS. For purposes of applying Section 3.2.1 and this Section 3.2.2, a Partner's Capital Account balance shall be deemed to be increased by such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum

Gain determined as of the end of such Partnership Accounting Year. For each Partnership Accounting Year, Profit from Partnership operations shall be allocated among the Partners as necessary to cause the Capital Account balance of each Partner to equal the sum of (i) the amount of Net Available Cash that would be distributed to such Partner under Section 4.1 with respect to such Partnership Accounting Year (if no portion thereof were withheld as reserves or reinvested), plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership (a) distributed all Capital Receipts and Net Mortgage Proceeds received with respect to such Partnership Accounting Year (without any portion thereof being retained as reserves or reinvested) pursuant to Section 4.1, and (b) then sold all of its remaining assets (including its interest in every Investment Entity) for their adjusted tax basis (or adjusted book basis in the case of Revalued Property), and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3.

3.3 ALLOCATIONS OF GAIN OR LOSS ON DISPOSITION. For purposes of determining Capital Account balances under this Section 3.3, Gain or Loss on Disposition shall be allocated prior to reducing Capital Accounts by the distributions of Capital Receipts from the Disposition.

3.3.1 GAIN ON DISPOSITION. Gain on Disposition shall be allocated to the Partners in the following order of priority:

3.3.1.1 First, to the Partners in proportion to, and to the extent of, any deficit balances in their respective Capital Accounts until all such Capital Accounts have been restored to zero; and

3.3.1.2 Second, after giving effect to the allocations made pursuant to Section 3.3.1.1, among the Partners as necessary to cause the Capital Account balance of each Partner to equal the sum of (i) the amount that would be distributed to such Partner pursuant to Sections 4.1 if the Partnership then distributed all of the proceeds received by the Partnership with respect to such Disposition (net of debt repayments) and did not establish reserves or reinvest any of the proceeds of such Disposition, plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership then sold all of its assets remaining after such Disposition and the distribution of the proceeds of such Disposition for their adjusted tax basis (or adjusted book basis in the case of Revalued Property) and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3.

3.3.2 LOSS ON DISPOSITION. Loss on Disposition shall be allocated to the Partners in the following order of priority:

3.3.2.1 First, among the Partners as necessary to cause each Partner's

Capital Account balance to equal the sum of (i) the amount that would be distributed to such Partner pursuant to Section 4.1 with respect to such Disposition if the Partnership then distributed all of the proceeds received by the Partnership with respect to such Disposition under Section 4.1. (net of debt repayments) and did not establish reserves or reinvest any of the proceeds of such Disposition, plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership then sold all of its assets remaining after such Disposition and the distribution for the proceeds of such Disposition for their adjusted tax basis (or adjusted book basis in the case of Revalued Property) and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3; and

3.3.2.2 Second, after giving effect to the allocations made pursuant to Section 3.3.2.1, any balance among the Partners in proportion to the Partners' respective Funding Proportions.

3.3.3 RULES OF CONSTRUCTION.

3.3.3.1 For purposes of applying Section 3.3 as a result of a Disposition, a Partner's Capital Account balance shall be deemed to be increased by such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain remaining after such Disposition as determined under the Regulations under Code Section 704(b).

3.3.2.2 Except as is otherwise provided in this Article 3, an allocation of Partnership taxable income or taxable loss to a Partner shall be treated as an allocation to such Partner of the same share of each item of income, gain, loss and deduction that has been taken into account in computing such taxable income or taxable loss.

3.4 MINIMUM GAIN CHARGEBACK AND QUALIFIED INCOME OFFSET.

3.4.1 NO IMPERMISSIBLE DEFICITS. Notwithstanding any other provision of this Agreement, taxable loss or items of deduction (as computed for book purposes) shall not be allocated to a Partner to the extent that the Partner has or would have, as a result of such allocations, an Adjusted Capital Account Deficit. Any taxable loss or items of deduction (as computed for book purposes) which otherwise would be allocated to a Partner, but which cannot be allocated to such Partner because of the application of the immediately preceding sentence, shall instead be allocated to the other Partners.

3.4.2 QUALIFIED INCOME OFFSET. In order to comply with the "qualified income offset" requirement of the Regulations under Code Section 704(b), and notwithstanding any other provision of this Agreement to the contrary except Section 3.4.3 below, in the event a Partner for any reason (whether or not expected) has an Adjusted Capital Account Deficit, items of Profits and Gain on Disposition (consisting of a pro rata portion of each item of

income comprising the Partnership's Profits and Gain on Disposition, including both gross income and gain for the taxable year, all as computed for book purposes) shall be allocated to such Partner in an amount and manner sufficient to eliminate as quickly as possible the Adjusted Capital Account Deficit.

3.4.3 MINIMUM GAIN CHARGEBACK. In order to comply with the "minimum gain chargeback" requirements of Regulations Sections 1.704-2(f)(1) and 1.704-2(i)(4), and notwithstanding any other provision of this Agreement to the contrary, in the event there is a net decrease in a Partner's share of Partnership Minimum Gain and/or Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, such Partner shall be allocated items of income and gain (as computed for book purposes) for that year (and if necessary, other years) as required by and in accordance with Regulations Sections 1.704-2(f)(1) and 1.704-2(i)(4) before any other allocation is made.

3.5 OTHER TAX ALLOCATION PROVISIONS.

3.5.1 INCOME CHARACTERIZATION. For purposes of determining the character (as ordinary income or capital gain) of any Gain on Disposition allocated to the Partners pursuant to Section 3.3 or 3.4, such portion of the

taxable income of the Partnership allocated pursuant to such Sections which is treated as ordinary income attributable to the recapture of depreciation shall, to the extent possible, be allocated among the Partners in the proportion which (i) the amount of depreciation previously allocated to each Partner bears to (ii) the total of such depreciation allocated to all Partners. This Section 3.5.1 shall not alter the amount of allocations among the Partners pursuant to Section 3.3 but merely the character of income so allocated.

3.5.2 CHANGE IN RESIDUAL PERCENTAGES. Notwithstanding the foregoing, in the event any Partner's Residual Percentage changes during a fiscal year for any reason, including the Transfer of any interest in the Partnership or an adjustment of the Partners' Residual Percentages hereunder, the allocations of taxable income or loss under this Article 3, and distributions, shall be adjusted as necessary to reflect the varying interests of the Partners during such year using an interim closing of the books method as of the date of such change, or such other method as is reasonably Approved by the Partners.

3.5.3 MANDATORY ALLOCATIONS -- SECTION 704(C) AND PARTNER NONRECOURSE DEBT.

3.5.3.1 Notwithstanding the foregoing, (i) in the event Code Section 704(c) or Code Section 704(c) principles applicable under Regulations Section 1.704-1(b)(2)(iv) require allocations of income or loss of the Partnership in a manner different than that set forth above, the provisions of Code Section 704(c) and the Regulations thereunder shall control such allocations among the Partners; and (ii) all tax deductions and taxable losses of the Partnership (as computed for book purposes) that, pursuant to Regulations Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt for which a Partner (or a Person related to such Partner under Treasury Regulations Section 1.752-4(b)) bears the economic risk of loss (within the meaning of Regulations Section 1.752-2) shall be allocated to such Partner as required by Regulations Section 1.704-2(c).

3.5.3.2 Any item of income, gain, loss and deduction with respect to any property (other than cash) that has been contributed by a Partner to the capital of the Partnership or which has been revalued for Capital Account purposes pursuant to Regulations Section 1.704-1(b)(2)(iv) and which is required or permitted to be allocated to such Partner for income tax purposes under Code Section 704(c) so as to take into account the variation between the tax basis of such property and its fair market value at the time of its contribution or at the time of its revaluation for Capital Account purposes pursuant to Regulations Section 1.704-1(b)(2)(iv) (such contributed or revalued property, including the El Segundo Land, is referred to as "Revalued Property") shall be allocated solely for income tax purposes in the manner so required or permitted under Code Section 704(c) using the "traditional method" described in Regulations Section 1.704-3(b) (or any successor Regulation), such allocations to be made as shall be reasonably Approved by the Partners; PROVIDED, HOWEVER, that curative allocations consisting solely of the special allocation of gain or loss upon the sale or other disposition of the Revalued Property shall be made in accordance with Regulations Section 1.704-3(c) to the extent necessary to eliminate any disparity, to the extent possible, between the Partners' Capital Accounts and tax capital accounts attributable to such property; and FURTHER PROVIDED, however, that any other method allowable under applicable Regulations may be used in connection with any Revalued Property as shall be Approved by the Mack-Cali Limited Partner. Allocations under this Section 3.5.3.2 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profit, Loss, Gain or Loss on Disposition or other items or distributions under any provision of this Agreement. Notwithstanding anything in this Agreement to the contrary, the determination of Gross Asset Value for any asset contributed to the Partnership, distributed from the Partnership or any other Revalued Property shall be as Approved by the Partners or as determined pursuant to the appraisal proceeding described in Section 5.10(iii). The Gross Asset Value of the El Segundo Land is set forth in Section 2.1.1(b).

3.5.4 GUARANTEE OF PARTNERSHIP INDEBTEDNESS. Except for arrangements expressly described in this Agreement (including loans described in Section 2.2.2 or Section 2.4), and except for any guaranties issued by the Managing General Partner and its Affiliates in connection with financing of the Partnership (the "Managing General Partner Guaranties"),

no Partner shall enter into (or permit any Person related to the Partner to enter into) any arrangement with respect to any liability of the Partnership that would result (for any reason other than the general liability of a General Partner for the liabilities of the Partnership) in such Partner (or a Person related to such Partner under Regulations Section 1.752-4(b)) bearing the economic risk of loss (within the meaning of Regulations Section 1.752-2) with respect to such liability unless such arrangement has been Approved by the

Partners or is otherwise permitted by this Agreement. This Section 3.5.4 shall not prohibit any General Partner, Limited Partner or Affiliate of a Partner electing to participate therein from making a loan described in Section 2.2.2 or Section 2.4. To the extent a Partner is permitted to guarantee the repayment of any Partnership indebtedness under this Agreement, each of the other Partners shall be afforded the opportunity to guarantee such Partner's pro rata share of such indebtedness, determined in accordance with the Partners' respective Funding Proportions. If (a) a loan is to be made to the Partnership or any Investment Entity, (b) such loan is guaranteed by any Partners or their Affiliates (which guaranty shall occur only upon the Approval of such Partner), (c) a Partner or an Affiliate of a Partner is required to pay, and pays, money on account of such guaranty (including payments made pursuant to the Managing General Partner Guaranties), and (d) the Partner making (or whose Affiliate made) such payments is entitled to be indemnified by the Partnership with respect to such payments under Section 5.5.2 and, after liquidating the Partnership's assets in order to satisfy the indemnity contained in Section 5.5.2, there are insufficient proceeds to entirely satisfy the indemnity obligation of the Partnership to such Partner or such Affiliate with respect to such payments, then the other Partners (the "Recontributing Partners") shall be required to make Capital Contributions to the Partnership, within ten (10) Business Days after receiving notice requesting reimbursement from the Partner making (or whose Affiliate made) such payments, which notice may be given at any time after the events described in clauses (a) through (d) of this Section 3.5.4 have occurred (or, if later, the Determination Date described in Section 5.9 with respect to such reimbursement), in the amount necessary for (i) the Partner (and its Affiliates) making such payments, and (ii) the Recontributing Partners, to bear the portion of such payments that has not been reimbursed under Section 5.5.2 ("Unreimbursed Payments") in the "Appropriate Sharing Ratio" (defined below). In no event shall a Partner be required to make Capital Contributions pursuant to this Section 3.5.4 in excess of the aggregate amount distributed to the Recontributing Partner pursuant to Sections 4.1.1 and 4.2.3 (but not distributions made pursuant to Section 4.1.2 in payment of Undistributed Highridge Subordinated Contributions or Undistributed Highridge Subordinated Return). Any such Capital Contributions so made shall immediately be distributed to the Partner who made, or whose Affiliate made, such payments.

The Appropriate Sharing Ratios of the Partners with respect to Unreimbursed Payments shall be determined as follows:

3.5.4.1 With respect to the portion of the Unreimbursed Payments that does not exceed the aggregate amounts distributed to the Partners for all periods pursuant to Sections 4.1.1(d), (e) and (f) (but not in payment of Undistributed Highridge Subordinated

Contributions or Undistributed Highridge Subordinated Return pursuant to the preferential distribution thereof described in Section 4.1.2), such Appropriate Sharing Ratio of each Partner shall be the percentage of such distributions so received by such Partner; and

3.5.4.2 With respect to the portion of the Unreimbursed Payments exceeding the aggregate amounts distributed to the Partners for all periods pursuant to Sections 4.1.1(d), (e) and (f) (but not in payment of Undistributed Highridge Subordinated Contributions or Undistributed Highridge Subordinated Return pursuant to the preferential distribution thereof described in Section 4.1.2), such Appropriate Sharing Ratio of each Partner shall be such Partner's Funding Proportion.

3.5.5 REFERENCES TO REGULATIONS. Any reference in this Agreement to a provision of final, proposed and/or temporary Regulations shall, in the event such provision is modified or renumbered, be deemed to refer to the successor provision as so modified or renumbered, but only to the extent such successor provision applies to the Partnership under the effective date rules applicable to such successor provision or the Partners otherwise so reasonably Approve under applicable elections contained in such Regulations.

3.5.6 TAX DEFINITIONS.

3.5.6.1 "NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulations Section 1.704-2(c). The amount of Nonrecourse Deductions for a Partnership Accounting Year equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain during that fiscal year, over the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined according to the provisions of Regulations Section 1.704-2(c).

3.5.6.2 "NONRECOURSE LIABILITY" has the meaning set forth in Regulations Section 1.704-2(b)(3).

3.5.6.3 "PARTNER NONRECOURSE DEBT MINIMUM GAIN" means an amount with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(2).

3.5.6.4 "PARTNER NONRECOURSE DEBT" has the meaning for such term set forth in Regulations Section 1.704-2(b)(4).

3.5.6.5 "PARTNER NONRECOURSE DEDUCTIONS" has the meaning for such term set forth in Regulations Section 1.704-2(i). The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Accounting Year equals the excess, if any, (i) of the net increase, if any, in the amount of the Partnership Minimum Gain attributable to such Partner Nonrecourse Debt during such Partnership Accounting Year, over (ii) the aggregate amount of any distributions during such year to the Partner that bears the economic risk of loss for such Partner Nonrecourse Debt to the extent such distributions are from proceeds of such Partner Nonrecourse Debt and are allocable to an increase in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined according to the provisions of Regulations Section 1.704-2(i).

3.5.6.6 "PARTNERSHIP MINIMUM GAIN" has the meaning ascribed to such term in Regulations Section 1.704-2(d)(1) (and includes the Partnership's share of the Partnership Minimum Gain of any Investment Entity).

3.6 INTENT OF ALLOCATIONS. The parties intend that the foregoing tax allocation provisions of this Article 3 shall produce final Capital Account balances of the Partners that would permit liquidating distributions, if such distributions were made in accordance with final Capital Account balances (instead of being made in the order of priorities set forth in Sections 4.1 and 4.2.3), to be made (after unpaid loans and interest thereon, including those owed to Partners have been paid) in a manner identical to the order of priorities set forth in Sections 4.1. and 4.2.3. To the extent that the tax allocation provisions of this Article 3 would fail to produce such final Capital Account balances, (i) such provisions shall be amended by the Partners if and to the extent necessary to produce such result and (ii) taxable income and taxable loss of the Partnership for prior open years (or items of gross income and deduction of the Partnership for such years) shall be reallocated among the Partners to the extent it is not possible to achieve such result with allocations of items of income (including gross income) and deduction for the current year and future years, as reasonably Approved by the Partners. This Section 3.6 shall control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

3.7 BASIS ELECTIONS. In the event of a transfer of all or any part of a Partner's interest in the Partnership, the Partnership shall elect to adjust the basis of the Partnership's assets under Code Section 754 if reasonably Approved by the Partners. The transferor or

transferee of a Partnership interest shall pay all costs of preparing and filing all instruments or documents necessary to effectuate such election if made.

3.8 GENERAL ALLOCATION RULES. The General Partners shall cause the Profit and Loss of the Partnership and Gain or Loss on Disposition be allocated by the Partnership's accountants with respect to each Partnership Accounting Year (or part thereof) as of the end of, and within ninety (90) days after the end of, such year, or as soon thereafter as is practically possible. All Profit and Loss and Gain or Loss on Disposition shall be allocated to the Partners shown on the records of the Partnership to have been Partners as of the last day of the Partnership Accounting Year for which such allocation is to be made, except that, if a Partner sells or exchanges its interest in the Partnership or otherwise is admitted as a substituted Partner, the Profit or Loss and Gain or Loss on Disposition shall be allocated between the transferor and the transferee by taking into account their varying interests during the Partnership Accounting Year in accordance with Code Section 706(d), using the interim closing of the books method or such other method as shall be reasonably Approved by the Partners.

3.9 SHARING OF PARTNERSHIP NONRECOURSE DEBT AND NONRECOURSE DEDUCTIONS. Throughout the term of the Partnership, the nonrecourse debt of the Partnership (other than Partner Nonrecourse Debt) and the Nonrecourse Deductions of the Partnership shall be allocated for tax purposes among the Partners in accordance with their respective Funding Proportions. To the extent that any Partner's share of such nonrecourse debt as so specified exceeds the amounts referred to in Regulations Sections 1.752-3(a)(1) and (2), it is intended that the foregoing shares shall be viewed and treated as reasonably consistent with allocations

(which have substantial economic effect) of some significant item of partnership income or gain within the meaning of Regulations Section 1.752-3(a)(3).

3.10 ADJUSTMENT OF GROSS ASSET VALUE. Gross Asset Value, with respect to any asset, shall be the adjusted basis for federal income tax purposes of that asset, except as follows:

3.10.1 The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the fair market value of the asset on the date of the contribution, as reasonably Approved by the Partners. The Gross Asset Value of the El Segundo Land is set forth in Section 2.2.1(b). The Gross Asset Value of any Pre-Formation Property is set forth in Section 2.1.2.2.

3.10.2 The Gross Asset Values of all Partnership assets shall be adjusted to equal the respective fair market values of the assets, as reasonably Approved by the Partners (subject to Section 5.10(iii)):

3.10.2.1 If the Partners reasonably Approve that an adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership, as a result of (i) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a DE MINIMIS capital contribution; or (ii) the

distribution by the Partnership to a Partner of more than a DE MINIMIS amount of Partnership property as consideration for an interest in the Partnership; and

3.10.2.2 As of the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g).

3.10.3 The Gross Asset Value of any Partnership asset distributed to any Partner shall be the gross fair market value of the asset on the date of distribution as reasonably Approved by the Partners (subject to Section 5.10(iii)), less any liabilities assumed by the distributee Partner or to which such asset is subject as of the time of distribution.

3.10.4 The Gross Asset Values of Partnership assets shall be increased or decreased to reflect any adjustment to the adjusted basis of the assets under Code Section 734(b) or 743(b), but only to the extent that the adjustment is taken into account in determining Capital Accounts under Regulations Section 1.704-1(b)(2)(iv)(m), provided that Gross Asset Values shall not be adjusted under this Section 3.10.4 to the extent that the Partners reasonably Approve that an adjustment under Section 3.10.2 is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment under this Section 3.10.4.

After the Gross Asset Value of any asset has been determined or adjusted under Section 3.10.1, 3.10.2 or 3.10.4, Gross Asset Value shall be adjusted by the depreciation taken into account with respect to the asset for purposes of computing Profits or Losses.

Section 8.3.8 contains special rules for valuing distributions of property other than cash that is received by the Partnership in connection with the disposition of Partnership (or Investment Entity) assets.

3.11 TAX PAYMENT LOANS. On or before April 15 of each year, the Partnership shall, upon the written request of any Partner who is not a Terminated Partner ("Borrowing Partner"), lend (to the extent the Partnership has available funds, determined prior to making distributions for the preceding calendar year) (a "Tax Payment Loan") to the Borrowing Partner an amount equal to the lesser of (i) the excess of (a) the Borrowing Partner's allocation of Profits (computed without regard to tax-exempt income), Gain on Disposition (as recomputed for tax purposes with reference to adjusted tax basis) and other items of taxable income of the Partnership for the preceding calendar year, reduced by the Borrowing Partner's allocation of Losses (computed without regard to tax- exempt income), Loss on Disposition (as recomputed for tax purposes with reference to adjusted tax basis) and other tax deductible items of the Partnership for the preceding calendar year, multiplied by the Maximum Tax Rate, over (b) the Borrowing Partner's distributions from the Partnership for such preceding calendar year; or (ii) the excess of (a) the Borrowing Partner's cumulative allocations of Profits (computed without regard to tax-exempt income), Gain on Disposition (as recomputed for tax purposes with reference to

adjusted tax basis) and other items of taxable income of the Partnership from the Agreement Date through the end of the preceding calendar year, reduced by the Borrowing Partner's cumulative allocation of Losses (computed without regard to tax-exempt income), Loss on Disposition (as recomputed for tax purposes with reference to adjusted tax basis) and other tax deductible items of the Partnership from the Agreement Date through the end of the preceding calendar year, multiplied by the Maximum Tax Rate applicable to such allocations, over

(b) the sum of (x) the Borrowing Partner's cumulative distributions from the Partnership from the Agreement Date through the end of the preceding calendar year (net of repayments thereof under Section 4.3.2) and (y) the outstanding balance(s) of all the unpaid Tax Payment Loans to such Borrowing Partner. A copy of any request for a Tax Payment Loan shall be given by the requesting Partner to the other Partner. Such loan shall bear interest at an annual rate equal to the lesser of (1) ten percent (10%) per annum, or (2) the maximum interest rate permitted by law, and shall be repayable both (A) out of future distributions to the Borrowing Partner (such payment to be made by withholding such distributions, with such distributions being deemed to have been distributed to the Borrowing Partner and then paid by the Borrowing Partner to the Partnership), and (B) if earlier, upon the liquidation of the Partnership or upon demand following the Borrowing Partner's ceasing for any reason to be a Partner hereunder, which payments shall be made from (x) the distributions otherwise payable to such Partner in connection with the liquidation (such amounts being deemed to have been distributed to such Partner and then paid by such Partner to the Partnership) and (y) to the extent such distributions are insufficient, from such Partner's other assets. If Tax Payment Loans are made to any of the Highridge Partners, each of John S. Long and Eugene S. Rosenfeld shall be personally and severally (but not jointly) liable for the payment of fifty percent (50%) of (I) the unrepaid balance of any such Tax Payment Loan made to the Highridge Partners after applying clauses (A) and (B) of the preceding sentence of this Section 3.11 for all periods, plus (II) the costs of collection, including reasonable attorneys fees and expenses. Payments shall first be applied to unpaid interest and then principal. Tax Payment Loans made to a Borrowing Partner shall be full recourse loans to such Borrowing Partner and shall be evidenced by promissory notes in form Approved by the Partners. To the extent an allocation of Profits, Gain on Disposition or other items of taxable income to a Borrowing Partner with respect to which a Tax Payment Loan is to be made are attributable to one or more Investment Entities and the Partnership does not otherwise have sufficient funds to make any Tax Payment Loan requested by such Borrowing Partner, the Partnership shall seek to borrow from the Investment Entities the necessary amounts (each such loan an "Investment Entity Tax Loan"). The Partners shall use reasonable efforts to cause each Investment Entity Agreement, including those with third parties, to provide for the making of Investment Entity Tax Loans to the Partnership to the extent required. Each Investment Entity Tax Loan shall bear interest at the same rate as a Tax Payment Loan and shall be repayable at the same time as the related Tax Payment Loan is repayable above, with payments first being applied to interest and then principal and paid by the Partnership to the appropriate Investment Entity. Except as provided in this Section 3.11, in no event shall the Partnership or any Investment Entity be required to borrow money or to sell any asset in order to fund any Tax Payment Loan. Notwithstanding anything to the contrary contained in this Section 3.11, no Tax Payment Loan shall be made by the Partnership with respect to any calendar year without the Approval of the Mack-Cali Limited Partner unless the Tax Payment Loan for such year is at least $250,000.

3.12 APPROVALS RELATING TO TAX ISSUES.

Notwithstanding anything to the contrary contained in this Agreement, except as provided in this Section 3.12, during all periods except after the Mack-Cali Limited Partner has become a Terminated Partner, all material tax elections, other decisions relating to taxes and tax returns, require only the reasonable Approval of the Mack-Cali Limited Partner unless it then is a Terminated Partner, PROVIDED, HOWEVER, that Highridge GP (unless it is then a Terminated Partner) shall reasonably Approve any settlement with the Internal Revenue Service or any other tax authorities (whether under Section 5.4 or otherwise), and any extension of the statute of limitations, with respect to the Highridge Partners. Notwithstanding the other provisions of this Section 3.12, and during all periods, the determination of Gross Asset Value for any property shall require the reasonable Approval of the Partners, subject to the provisions of Section 5.10(iii).

ARTICLE 4

LOAN REPAYMENTS AND DISTRIBUTIONS

4.1 NET AVAILABLE CASH, NET MORTGAGE PROCEEDS AND CAPITAL RECEIPTS. The General Partners shall cause the Partnership's accountants (i) at the end of each quarter, to determine the amount of Net Available Cash and, (ii) upon the occurrence of any event giving rise to Net Mortgage Proceeds or Capital Receipts, to determine the amount of such Net Mortgage Proceeds and Capital Receipts, if any. Subject to the Partnership's obligation, if any, to make the Capital Equalization Distribution under Section 2.1.2.3, the distributions described in Section 2.1.2.2 and 2.1.2.4, and to make Tax Payment Loans under Section 3.11, all Net Available Cash, Net Mortgage Proceeds and Capital Receipts for any period shall be distributed in the following order of priority, within thirty (30) days after the end of each calendar quarter, after first repaying any loans to the Partnership from the Partners under Sections 2.2.2.1 and 2.4

except as provided in this Section 4.1 (loans which have been outstanding the longest shall be repaid first and if two or more Partners have loans which have been outstanding for equal periods, repayment of such loans shall be made pro rata, in proportion to such Partners' then respective loan balances, with payments first repaying accrued but unpaid interest and then repaying principal), and subject to the terms of Sections 4.2, 4.3 and 8.3.8 (and subject to recontribution to the Partnership as provided in Section 4.3.2):

4.1.1 Prior to the El Segundo Valuation Date:

(a) First, distributions shall be made to the Mack-Cali Partners to the extent of, and in proportion to, their respective Undistributed Preferred Return;

(b) Next, the balance shall be distributed to the Highridge Partners to the extent of, and in proportion to, their respective Undistributed Preferred Return;

(c) Next, the balance shall be distributed to the Partners, pro rata, to the extent of, and in proportion to, their respective Invested Capital;

(d) Next, the balance shall be distributed to the Highridge Partners to the extent of, and in proportion to, their respective Undistributed Highridge Subordinated Return;

(e) Next, the balance shall be distributed to the Highridge Partners to the extent of, and in proportion to, their respective Undistributed Highridge Subordinated Contributions; and

(f) Next, the balance shall be distributed to the Partners, pro rata, in proportion to their respective Residual Percentages.

Notwithstanding the priority distributions contained in this Section 4.1.1, distributions shall be made to the Highridge Partners as provided in Section 2.1.2.3 (which distributions shall be deemed to have been made pursuant to this Section 4.1.1 to the extent, and in the manner, provided in Section 2.1.2.3).

4.1.2 From and after the El Segundo Valuation Date, distributions shall continue to be made in the order of priority set forth in Section 4.1.1 except that the provisions of Sections 4.1.1 (d) and 4.1.1 (e) shall cease to apply, and notwithstanding the first paragraph of this Section 4.1, prior to making distributions in the order of priority set forth in Section 4.1.1, distributions shall (except as provided in Sections 2.1.2.2, 2.1.2.3 and 2.1.2.4) first be made to the Highridge Partners, pro rata, to the extent of, and in proportion to, their respective Undistributed Highridge Subordinated Return and Undistributed Highridge Subordinated Contributions (with such distributions being deemed to first pay Undistributed Highridge Subordinated Return and then to repay Undistributed Highridge Subordinated Contributions). Notwithstanding anything in this Agreement to the contrary, the Mack-Cali Limited Partner shall have the option, exercisable by notice to Highridge GP given at any time if accompanied by a check in the correct aggregate amount payable to the Highridge Partners, to contribute to the Partnership (as additional Capital Contributions) 80% of the sum of the then Undistributed Highridge Subordinated Contributions and Undistributed Highridge Subordinate Return, which contribution shall thereupon be distributed to the Highridge Partners in payment of such amounts (at which time the Highridge Partners shall be deemed to have contributed the remaining 20% thereof to the Partnership in cash, as additional Capital Contributions, and to thereupon have received a distribution thereof in full payment of the entire Highridge Undistributed Subordinated Return and Highridge Undistributed Subordinated Contributions).

4.2 PROCEEDS AND DISTRIBUTIONS IN LIQUIDATION. Subject to Section 8.3.8, the proceeds received by the Partnership in connection with the liquidation and winding up of the Partnership shall be applied in the following order of priority:

4.2.1 First, to the payment of creditors of the Partnership (other than the repayment of any unpaid Partner loans) except secured creditors whose obligations will be assumed or otherwise transferred on a liquidation of the Partnership property or assets;

4.2.2 Next, to the payment of the expenses incurred in dissolution and termination and then to the repayment of any unpaid Partner loans in the same priority as is described in Section 4.1; and

4.2.3 The balance, if any, shall be distributed to the Partners in the order of priority set forth in Sections 4.1.1 and 4.1.2.

4.3 GENERAL DISTRIBUTION RULES.

4.3.1 The timing and amount of all distributions shall be in accordance with Sections 4.1, 4.2, 8.3.8, 8.5 and 8.6. All distributions of cash shall be made to the Partners shown on the records of the Partnership to have been Partners on the date of the distribution. All distributions, upon request by a Partner, shall be made by wire transfer in immediately available funds to such Partner's account specified in such request. Distributions of Net Available Cash, Net Mortgage Proceeds and Capital Receipts made to a Partner shall be deemed to be advances on account of such Partner's share of the distributable amounts thereof. For purposes of this Agreement, the term "distributable" with respect to such distributions shall mean the amount of such distributions as finally determined pursuant to the provisions of this Agreement by the Partnership's accountants for the Partnership Accounting Year in respect of which they were made and for the term of the Partnership.

4.3.2 The Partnership's accountants shall determine whether there has been an over-distribution to any Partner occurring by reason of a mistake at the following times: (i) within one hundred twenty (120) days after the end of each Partnership Accounting Year and (ii) cumulatively during the term of this Agreement within One Hundred Twenty (120) days after any disposition of an Investment by the Partnership or all or substantially all of the investments of any Investment Entity. Any over-distribution to any Partner in respect of either a Partnership Accounting Year or during the term of this Agreement shall be repaid by such Partner to the Partnership and distributed to the Partner which has received an under-distribution not later than thirty (30) days after any Partner has given notice thereof to the other Partners, which notice shall be given as soon as is practicable after the end of such Partnership Accounting Year or such disposition of an Investment, as applicable. If not paid within thirty (30) days of such notice, the amount of any over-distribution shall thereafter accrue interest at the lesser of (i) fifteen percent (15%) per annum or (ii) the highest rate, if any, that would be permitted by applicable law under these conditions. Such returned over-distribution and any interest paid with respect thereto as provided in this Section 4.3.2 shall be promptly distributed by the Partnership to the Partners receiving any under-distribution to the extent necessary to eliminate such under-distribution. Notwithstanding anything to the contrary in this Agreement, the obligation of the Partner receiving an over-distribution to return such over-distribution to the Partnership and any interest thereon shall constitute a recourse obligation of such Partner (but not to the partners, members, managers, officers or shareholders of such Partner or its members or partners). Any over-distribution returned to the Partnership shall have the same character as the character of the corresponding, earlier distribution to the Partner which received such over-distribution. To the extent that any Partner or its Affiliates receives any commitment fee, finders fee or other compensation (that is not expressly permitted by this Agreement) by reason of the Partnership's or an Investment

Entity's participation in an Investment or a Property, such fee or compensation shall be deemed to be Net Available Cash of the Partnership when paid, and to the extent such fee or compensation is received by such Partner or its Affiliates and not by the Partnership, such fee or compensation shall be deemed to be an over-distribution to such Partner under this Section 4.3.2 that must be paid to the Partnership (any such Partner shall notify the other Partners of the receipt thereof immediately upon receipt by it or its Affiliates).

4.4 SOURCE OF DISTRIBUTIONS. Except as provided in Section 4.3.2, each Partner shall look solely to the assets of the Partnership for the return of its Capital Contributions and its share of distributions and shall have no recourse upon dissolution or otherwise against the other Partners except as provided in this Agreement. No holder of an interest in the Partnership shall have any right to receive any distributions except as provided in this Agreement or any right to demand or receive property other than cash upon dissolution and termination of the Partnership.

ARTICLE 5

MANAGEMENT; DUTIES AND POWERS OF THE MANAGING GENERAL PARTNER; RIGHTS AND DUTIES OF MANAGING GENERAL PARTNER

5.1 MANAGEMENT OF BUSINESS; OFFICERS; PARTNER OBLIGATIONS; REIMBURSEMENTS; MAJOR DECISIONS; RETAINED APPROVALS.

5.1.1 MANAGEMENT; POWERS. Subject to the Approval rights of the Partners under this Agreement, the Partnership shall be managed by the Managing General Partner, and no Limited Partner shall take part in the control of the Partnership's business. The Managing General Partner of the Partnership shall be Highridge GP unless and until replaced by a Co-General Partner as provided in Section 7.9.5 (thereafter, such Co-General Partner shall be the Managing General Partner). Except as otherwise provided in this Agreement (including the right of the Mack-Cali Limited Partner to Approve Major Decisions under Section 5.1.5 and certain other Approvals granted to the Mack-Cali Limited Partner under this

Agreement), the Managing General Partner shall be responsible for supervising and undertaking the business of the Partnership, implementing the supervision procedures set forth on Exhibit J for employees of the Highridge Partners and Affiliates of the Highridge Partners who are performing work relating to the Partnership and the Properties, and shall make all decisions affecting the day-to-day operations of the Partnership and the Investments and the Properties. Except to the extent the Approval of the Partners, or the Approval of the General Partners, or the Approval of a Mack-Cali Partner is expressly required under this Agreement, no consent or Approval of any Limited Partner or Co-General Partner shall be required with respect to any action or decision of the Managing General Partner regarding Partnership or Investment Entity matters. Whenever the Approval of the Partners is required, the Partners shall act through their Authorized Representatives as provided in Section 1.12. No Partner shall receive any compensation for serving as a General Partner or as the Managing General Partner. Each Partner shall cause each of its Authorized Representatives to devote as much time as is reasonably necessary to fulfill such Partner's obligations under this Agreement.

The Managing General Partner, at Partnership expense, shall be responsible for obtaining and providing the Partners (within a reasonable time after request therefor has been made by any Partner) with any information that the Managing General Partner reasonably deems appropriate (or that the Mack-Cali Partners have requested) with respect to the Partnership, Investment Entities, Investments and Properties, conducting due diligence concerning proposed Investments and Properties, negotiating the purchase on behalf of the Partnership of any Investments or Properties that are Approved by the Partners for acquisition, and supervising and implementing the acquisition, financing, development, stabilization and marketing programs that have been Approved by the Partners, all pursuant to the supervision procedures set forth on Exhibit J. The Partners hereby Approve the acquisition and development of the El Segundo Land and the Summit Ridge Land pursuant to the Approved Development Plans with respect thereto that are described on Exhibit C, and each Partner shall use its reasonable efforts to cause the Partnership and/or the Investment Entities to obtain construction financing on each of such Properties as soon as possible after the execution and delivery of this Agreement as necessary to implement such Approved Development Plans (any Partner may propose such financing to the other Partners for their Approval). The due diligence documents provided to the Mack-Cali Partners and their Affiliates prior to the execution and delivery of this Agreement with respect to the El Segundo Land are listed on Exhibit K. At Partnership expense, the Highridge Partners shall provide to the Mack-Cali Partners any additional information in the possession of the Highridge Partners or their Affiliates concerning the El Segundo land within a reasonable time after written request therefor is received from the Mack-Cali Limited Partner. Each General Partner, in extension and not in limitation of the powers given to it by law or this Agreement, shall have full power and shall have the obligation, without the necessity of obtaining the Approval of any other Partner (except as otherwise set forth in this Agreement), and at the expense of the Partnership, to take all actions required to conduct the day-to-day operations of the Partnership and, subject to the availability of Partnership funds and the funding limitations of Section 5.1.3.5, implement the Major Decisions and other decisions that have been Approved by the Partners and pay expenses of the Partnership to the extent the Approval of the other Partners with respect thereto is not required under this Agreement. The Managing General Partner shall not have the power to implement any Major Decision unless such Major Decision has been Approved by the Partners, as set forth in Section 5.1.6.2 hereof. The Managing General Partner shall negotiate all documents with respect to Investment and Property transactions that are Approved by the Partners (or are permitted to be entered into without such Approval as provided in this Agreement), including contracts with surveyors, architects, governmental authorities and others concerning entitlements, easements, surveying, landscaping, insuring, zoning, construction, grading, improvements, and the like, all leases of space in the Properties on behalf of any Investment Entity, offers and terms of sale of the Partnership and Investment Entity assets, and contracts for necessary goods or services or borrowings regarding the Investments and Properties; all to the extent Approved by the Partners from time to time to the extent such Approval is required pursuant to this Agreement. The execution by any General Partner of any document shall be sufficient to bind and shall be binding upon the Partnership for all purposes, and third parties shall be entitled to rely on the authority of the Managing General Partner to take any action on behalf of the Partnership. Notwithstanding the foregoing, (i) the Managing General Partner shall not take any action requiring Approval of the Partners, or the Approval of the General Partners, or the Approval of a Mack-Cali Partner

under this Agreement unless the provisions of this Agreement concerning such Approval have been satisfied, and (ii) except as otherwise provided in Section 5.9, no Co-General Partner shall exercise any authority with respect to the matters with respect to which authority and responsibility has been given to the Managing General Partner hereunder unless and until (a) the Managing General

Partner has become a Terminated Partner or a Removal Default has occurred with respect to the Managing General Partner (thereafter, the Mack-Cali Limited Partner may cause any Co-General Partner appointed by it to become the Managing General Partner and to assume such authority and responsibility as provided in Section 7.9), or (b) a Performance Default has occurred with respect to the Managing General Partner concerning an Investment or Property (thereafter, the Mack-Cali Limited Partner shall have the rights described in Section 5.10(ii) and Section 7.9.5 with respect to such Property). The Managing General Partner (or a Co-Managing General Partner that has become the Managing General Partner under Section 7.9) shall use its reasonable efforts to comply with all provisions of this Agreement, and, at Partnership expense, to cause the Partnership to comply with all applicable laws and regulations. The cost of preparing any Investment Entity Agreement shall be a Partnership expense.

Subject to the other provisions of this Agreement including required Approvals of the Partners under this Agreement, the Partnership, the General Partners and the Partnership's officers appointed on its or their behalf under Section 5.1.4.1 are hereby authorized:

5.1.1.1 Subject to the Approved Budget limitations of Article 5, to pursue any rights of the Partnership (and cause each Investment Entity to pursue any rights of such Investment Entity) with respect to each Investment and Property pursuant to any agreement to which it (or such Investment Entity) is a party, and to own and operate any Investment or any other asset acquired by the Partnership pursuant to the provisions of this Agreement, including taking the actions described in Section 1.5;

5.1.1.2 To own the Investments (including Partnership Interests) for investment purposes and to finance, sell, convey, assign, transfer (including by contribution to a real estate investment trust or to a partnership, limited liability Partnership or any other Entity in which a real estate investment trust is a partner, member or owner of equity ownership interests (collectively, a "REIT")) or mortgage the Investments (including the Partnership Interests), any other asset of the Partnership or any of them, as well as any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership, all on terms as shall be Approved by the Partners;

5.1.1.3 To acquire by purchase or lease, any real or personal property that may be necessary, convenient or incidental to other the accomplishment of the purposes of the Partnership, including Investments and interests in Investment Entities, and to cause Investment Entities to do so;

5.1.1.4 To operate, maintain, improve, develop and lease any assets acquired by the Partnership (and to cause Investment Entities to do so with respect to assets acquired by them);

5.1.1.5 To cause the Partnership to take any and all actions necessary convenient or appropriate as a general partner or limited partner of any partnership or as a member and/or manager of any limited liability company in which the Partnership has an interest and exercise all rights or powers relating thereto and execute appropriate documents on behalf of the Partnership in connection therewith;

5.1.1.6 To borrow money on behalf of itself or cause Investment Entities to do so (whether secured or unsecured) and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership or any Investment Entity, and to secure the same by mortgage, deed of trust, pledge or other lien on any assets of the Partnership or any Investment Entity;

5.1.1.7 To borrow money on the general credit of the Partnership or any Investment Entity (and to cause Investment Entities to do so) for use in the Partnership or any Investment Entity business;

5.1.1.8 To enter into, perform and carry out contracts of any kind, including contracts with Affiliates of any of the Partners, necessary to, in connection with or incidental to the accomplishment of the purposes of the Partnership or any Investment Entity;

5.1.1.9 To issue Funding Notices calling for additional Capital Contributions in accordance with the provisions of this Agreement;

5.1.1.10 To enter into any kind of lawful activity and to perform and carry out contracts of any kind necessary to or in connection with or incidental to the accomplishment of the purposes of the Partnership, so long as said activities and contracts may lawfully be carried on or performed by a limited partnership under the laws of the states in which the Partnership is qualified to do business. Each General Partner is hereby authorized to cause the Partnership to execute and deliver all documents and instruments necessary or appropriate, in the reasonable judgment of such General Partner, to close any of the transactions that have been Approved by the Partners (or that do not require the Approval of the Partners or the Approval of the General Partners).

Except as otherwise provided in this Agreement, no Partner shall cause the Partnership to execute and deliver any acquisition, conveyance, loan or lease documents without first obtaining the Approval of the Partners to the Material terms of such document. The Material terms with respect to certain of the entitlement, acquisition, development, and leasing documents for the Summit Ridge Land and the El Segundo Land have been Approved by the Partners and are contained in the Approved Development Plans referred to on Exhibit C. The Material terms of any other document in connection with the acquisition, entitlement, development, conveyance, loan or lease of a Property will be deemed to have been Approved by the Partners if the actions described on Exhibit L ("Operating Approval Standards") have been Approved by the Partners with respect to such Property. Notwithstanding anything to the contrary contained in this Agreement, the Mack-Cali Limited Partner shall have the right to Approve the final version of any acquisition, conveyance, loan or lease document to which the Partnership or any Investment Entity is to become a party if the Mack-Cali Limited Partner has specifically requested by notice to Highridge GP that it Approve the final version of such document before it is entered into;

PROVIDED, HOWEVER, that the Managing General Partner may, without the Approval of any Mack-Cali Partner being required, execute and deliver on behalf of the Partnership or any Investment Entity any lease of space in a Property unless any of the following applies (in which case, the Mack-Cali Limited Partner shall have the right to Approve such lease): (a) the lease has a term of less than five (5) years (determined without regard to renewal rights granted to the tenant thereunder and with regard to early termination rights of the tenant thereunder), (b) the lease has a term of greater than ten (10) years (including any tenant renewal rights that are not exerciseable at market rates in effect at the time of renewal), (c) the lease covers greater than 15% of the rentable space in a Property or greater than 20,000 square feet of the rentable space in a Property, (d) the lease rents are more than 5% below the budgeted rental rate set forth in the most recent Approved Budget with respect to such Property, (e) the lease provides for payment by the Partnership or an Investment Entity of tenant improvements that are more than 5% above the permitted tenant improvement amount parameters that have been Approved in advance by the Partners for such Property (or, if no such tenant improvement parameters have been Approved in advance by the Partners, the lease provides for such payment of tenant improvements that are more than $30 per square foot of rentable space), (f) the aggregate leasing commissions payable by the Partnership and Investment Entities in connection with the lease are more than 5% above the leasing commission parameters that have been Approved by the Partners (or if no such leasing commission parameters have been Approved in advance by the Partners, more than 5% above prevailing market rate commissions then in effect for similar properties in similar locations), or (g) the lease form is materially different from the standard form of lease that has been Approved in advance by the Partners for such Property; PROVIDED, HOWEVER, that once the terms of such documents have been Approved by the Partners, any General Partner may cause the Partnership to execute and deliver any such documents with such changes thereto as shall be reasonably Approved by the General Partners, without further Approval of the Partners being required unless such change adversely affects the Partnership in a Material manner, and only one General Partner's execution of such documents shall be required on behalf of the Partnership in order for such documents to be binding on the Partnership. Third parties shall be entitled to rely on the authority of any General Partner to execute and deliver any document on behalf of the Partnership without the execution thereof by any other Partner being required. For purposes of this Agreement, the term "Material" (or any variation thereof) means any item that (i) would result in a difference to the Partnership of at least $100,000 with respect to any such item, or at least $500,000 in the aggregate for all such items, in each case for any 12-month period, or (ii) would result in a change in the scope of any Property development as set forth in an Approved Development Plan. All construction contracts having payments exceeding $100,000 shall require competitive bids, copies of which shall be submitted to the Mack-Cali Limited Partner for review before any such contract is entered into; and

5.1.1.11 To enter into and to perform the Partnership's obligations under any other agreement to which it becomes a party (and cause any Investment Entity to do so).

5.1.2 COMPENSATION; REIMBURSEMENT. No compensation shall be payable by the Partnership to any Partner or to an Affiliate of any Partner unless provision for such compensation is made (a) in the Approved Development Plans (including the Approved

Budgets and Approved Overhead Budgets) attached as Exhibit C that have been Approved by the Partners, or (b) in any other subsequent Approved Development Plan. Unless reimbursement is prohibited under Section 5.5 or another provision of this Agreement, the Partnership shall reimburse each Partner for its actual and reasonable out-of-pocket expenses incurred in connection with Partnership

business to the extent such Partner is authorized to take the action resulting in such expenses and is not otherwise reimbursed with respect thereto under this Agreement or pursuant to an Approved Development Plan, subject to Sections 2.3 and 5.5.

5.1.3 BUDGETS

5.1.3.1 ANNUAL OPERATING BUDGET; INVESTMENT BUDGETS; OVERHEAD BUDGETS. The Managing General Partner shall include in each proposed Development Plan a proposed budget in connection with each Property and related Investment, including the reasonably anticipated cash receipts therefrom, and the reasonably anticipated costs of owning and operating such Property and Investment, including costs of acquisition, insurance, entitlement, zoning, development, landscaping, easements, subdivision, grading, infrastructure, surveying, advertising, governmental approvals, operation, development, management, leasing (including tenant improvements to be funded by the Partnership if Approved by the Partners), repair, maintenance and renovation of the Property for each Partnership Accounting Year, and shall deliver the same to the Mack-Cali Limited Partner for its review and Approval. Each such budget shall contain the amount to be (i) expended from reserves with respect to each Investment, and (ii) added to the reserves of the Partnership with respect to each Investment, including reserves required by lenders to the Partnership. Each such budget shall also forecast the amount and timing of distributions to the Partnership with respect to each Investment for the period covered by such budget. At least annually (within 30 days prior to year-end), the Managing General Partner shall also prepare and submit to the Partners for Approval a budget for the operation of the Partnership for the following year that covers those projected costs, if any, of operating the Partnership to the extent the same are not contained in the Approved Budgets in effect for the Investments and Properties for such period (such budget to require the Approval of the Partners before it becomes an Approved Budget). The initial Approved Partnership operating budget is contained in the Approved Development Plans described on Exhibit C. The Highridge Partners shall be entitled to receive non-accountable overhead payments from the Partnership in connection with the services performed by them, their Affiliates and the employees thereof for the benefit of the Partnership and the Investment Entities with respect to the El Segundo Land and the Summit Ridge Land (in full reimbursement of all of their internal costs with respect thereto, and those of their Affiliates and employees and partners thereof), payable in advance on the first day of each month in thirty (30) equal monthly installments commencing as of January 1, 1998 (with the installments for the months of January through April 1998 being payable upon the execution and delivery of this Agreement by all of the Partners), equal (and limited in the aggregate to) 2.5% of total development costs with respect thereto (the "Overhead Payments") pursuant to the Approved Budget for such Properties (the amount described in an Approved Budget for such Overhead Payments is referred to as the "Approved Overhead Budget"). The obligation to make Overhead Payments shall be a Partnership expense and shall be payable prior to making distributions to Partners. The unpaid Overhead Payments that are payable to

the Highridge Partners shall be limited to actual cost reimbursement (excluding the salary, benefits and other compensation of John S. Long, Eugene S. Rosenfeld and Steven A. Berlinger) from and after the date on which any Highridge Partner has become a Terminated Partner or has committed a Removal Default. The initial Approved Budget (including the Approved Overhead Budget) for each of the El Segundo Land and the Summit Ridge Land is contained in the Approved Development Plans for such Properties that are described in Exhibit C.

5.1.3.2 APPROVED BUDGETS. Each Authorized Representative of the Mack-Cali Limited Partner shall have a period of ten (10) Business Days after a proposed budget is submitted to them (whether or not submitted as part of a proposed Development Plan) to notify the Managing General Partner in writing (i) whether such Authorized Representative, on behalf of the Mack-Cali Limited Partner, Approves the proposed budget or (ii) of any revisions such representative believes should be made to such proposed budget. A proposed budget (or any proposed revision thereof) shall not be deemed to have been Approved by the Mack-Cali Limited Partner unless actually Approved by at least one Authorized Representative of the Mack-Cali Limited Partner within such ten-day period. If at least one Authorized Representative of the Mack-Cali Limited Partner so Approves a proposed budget (or a Development Plan in which such budget is contained), such budget shall be deemed Approved by the Partners and shall constitute an "Approved Budget" for the Partnership for the applicable Partnership Accounting Year covered thereby. If within such ten (10) Business Day period, the Mack-Cali Limited Partner does not Approve a budget for the applicable Partnership Accounting Year with respect to any Investment or Property, then the most recent Approved Budget for such Investment or Property other than items in such budget consisting of additional investment outlays that may be made at the discretion of the Partnership (such discretionary outlays are referred to as "Discretionary Outlays"), shall continue as the Approved Budget for the next Partnership Accounting Year with the following exceptions: (a) all extraordinary items for the current Partnership Accounting Year shall be deleted; and (b) Non-Discretionary Items for the upcoming Partnership Accounting Year shall be included at the actual cost.

5.1.3.3 INITIAL BUDGET; SUPPLEMENTS. The initial Approved Budgets are contained in the Development Plans described in Exhibit C. The Managing General Partner shall cause the Partnership to prepare supplements or revisions to each Approved Budget from time to time within a reasonable time after it is reasonably likely that such Approved Budget will not be met or after a request for such a supplement or revision is received by the Managing General Partner from the Mack-Cali Limited Partner, or if the Managing General Partner otherwise desires to do so, which supplements or revisions shall be submitted to the Mack-Cali Limited Partner for Approval in the same manner as that which is provided for the Approval of budgets under Section 5.1.3.2 (if and when so Approved, such supplement or, revision shall become part of the Approved Budget to which it relates).

5.1.3.4 DEVELOPMENT PLANS. The initial acquisition and development plan with respect to the acquisition, development, renovation and capital improvements, financing, stabilization and marketing currently Approved for each of the El Segundo Land and the Summit Ridge Land is described on Exhibit C (together with any other development

plan that has been Approved by the Partners from time to time, the "Development Plans"). The Managing General Partner shall deliver to the Mack-Cali Limited Partner (within a reasonable time after request therefor is made and the same are available), for the Mack-Cali Limited Partner's Approval, all plans and specifications and any schematic and conceptual presentations for the proposed development of each Property, and shall also deliver to the Mack-Cali Limited Partner within a reasonable time after request such other details and information regarding the Partnership, Investment Entities, Investments and the Properties as the Mack-Cali Limited Partner shall reasonably request from time to time, including proposals as to the identity of architectural and engineering firms, construction contractors, construction managers, property managers, and other consultants to be used to implement the Subsequent Development Plan. No architectural or engineering firm, construction contractor, construction manager or property manager, shall be retained with respect to any Property without the Mack-Cali Limited Partner's Approval. The Managing General Partner shall modify and update any Development Plan on at least a quarterly basis, if necessary, and submit such proposed modification or update to such Development Plan to the Mack-Cali Limited Partner for its Approval in the same manner as provided in Section 5.1.3.2 with respect to budgets. The Managing General Partner's representatives shall meet with the Mack-Cali Limited Partner's representatives no less frequently than monthly and at any other time reasonably requested by the Mack-Cali Limited Partner (telephonically or in person) to discuss the status of the Properties. In addition, the Managing General Partner shall provide the Mack-Cali Limited Partner with a schedule of renovation and capital improvement meetings (which shall be held weekly) and the Mack-Cali Limited Partner shall have the right to participate in such meetings. The Managing General Partner shall provide the Mack-Cali Limited Partner with a copy of any minutes of such meetings and any materials distributed at such meetings, promptly after such meeting.

5.1.3.5 PERMITTED EXPENDITURES. The Managing General Partner shall not, without the Approval of the Mack-Cali Limited Partner, make any expenditure of funds of the Partnership or an Investment Entity, or commit to make any such expenditure, other than in response to an Emergency, except as provided for in an Approved Budget (to the extent an expenditure is described in an Approved Budget or is otherwise permitted without Approval under this Section 5.1.3.5, it may be paid if the Partnership has sufficient available funds, whether in reserves or otherwise, to pay such expenditure; and, except as provided in Section 2.1.2, Funding Notices may be issued with respect thereto only upon the Approval of the Mack-Cali Limited Partner); PROVIDED, HOWEVER, the provisions of this Section 5.1.3 shall in no way limit a General Partner's authority to cause the Partnership or an Investment Entity to pay (but not to issue Funding Notices as necessary to do so unless permitted under Section 2.1.2) Emergency expenditures or Non-Discretionary Items when due that are billed to or incurred by the Partnership or any Investment Entity in excess of the amounts budgeted therefor; and PROVIDED, FURTHER, that the Managing General Partner may cause the Partnership to incur up to 110% (less any contingency percentage already contained in the Approved Budget) of the aggregate amount budgeted for expenditures for any period in any Approved Budget (excluding extraordinary expenditures such as acquisition cost and tenant improvements, Overhead Payments and contingency amounts, contained in such Approved Budget) without the further Approval of the Partners being required. Notice of Emergency expenditures or actions shall be given by the General Partner making such expenditures or

taking such actions to the other Partners as soon as practicable after such expenditures are made or actions are taken. The General Partners shall use reasonable commercial efforts not to permit the Partnership or any Investment Entity to commit waste with respect to any Property.

5.1.4 EMPLOYEES; DUTIES OF THE MANAGING GENERAL PARTNER.

5.1.4.1 EMPLOYEES. The Partnership shall have no employees unless otherwise Approved by the Partners. The internal compensation and reimbursement costs incurred by the Highridge Partners with respect to any Highridge Partners' employees or partners (or those of their Affiliates) providing services to the partnership or the Investment Entities are intended to be reimbursed through Overhead Payments made pursuant to Section 5.1.3.1 (and, except as provided in Section 5.2(a), additional reimbursement to the Highridge Partners and their Affiliates shall not be made with respect to internal personnel and operating costs).

5.1.4.2 MANAGING GENERAL PARTNER DUTIES. The Managing General Partner shall use its reasonable efforts, subject to the availability of Partnership funds, to acquire the Investments and cause the Investment Entities to acquire the Properties that have been Approved by the Partners for acquisition (limited as of the Agreement Date to the El Segundo Land and the Summit Ridge Land), and to take the other actions that are described in Section 1.5 and 1.11 that have been Approved by the Partners, (ii) cause the Major Decisions and other actions that have been Approved by the Partners to be implemented, (iii) cause proposed Development Plans and budgets to be prepared and submitted to the Partners under Sections 5.1.3 and 5.1.4 for Approval as required pursuant to Section 5.1.6.2, (iv) cause the Partnership to timely issue the reports and tax returns required under this Agreement and (v) undertake its other obligations under this Agreement. No General Partner shall be required to conduct the Partnership's day-to-day operations and implement Major Decisions as such General Partner's sole and exclusive function, and any Partner and its Affiliates may (and expect to) have other business interests and may (and expect to) engage in other activities in addition to those relating to the Partnership, without having or incurring any obligation to offer any interest in such activities to the Partnership, any Investment Entity, or any Partner (or their Affiliates). The Managing General Partner shall be obligated to devote, and cause its Controlling Persons to devote, as much of their business time to the Partnership's business as shall be reasonably required to meet the Managing General Partner's obligations hereunder, which shall be a significant portion of such Controlling Persons' business time.

From and after the Approval of any transaction or action with respect to the Investments or Properties by the Partners, any General Partner shall have the authority, without the further Approval of the Partners being required, (a) to cause the Partnership to proceed to document the transaction with respect to the Investments and Properties on terms that have been Approved by the Partners in all Material respects as provided in (and to the extent required by) Section 5.1.1.10, with such changes thereto as shall be reasonably be Approved by the Partners, without further Approval of the Partners being required unless such change affects the Partnership in a Material manner (as described in Section 5.1.1.10), and (b) to cause the Partnership to execute and deliver, and cause the Partnership to perform its

obligations under, the documents to be executed by the Partnership in connection with such transaction (including the acquisition of Investments or Properties pursuant to Acquisition Documents that have been Approved by the Partners), subject to the conditions for doing so that were Approved by the Partners (to the extent such Approval is required), the Approved Budget limitations of Section 5.1.3.5 with respect thereto, and any restrictions on the General Partners' authority that are contained in this Agreement and that may be applicable from time to time.

5.1.5 MAJOR DECISIONS. The following are major decisions (the "Major Decisions") requiring the Approval (or reasonable Approval, if so indicated) of the Partners, except as otherwise provided in this Agreement; PROVIDED, HOWEVER, that a Partner's Approval shall not be required after such Partner has lost its Approval rights under Section 7.9 or another provision of this Agreement except to the extent provided in Section 5.1.6.1:

5.1.5.1 Any act in contravention of this Agreement or extending the term of the Partnership;

5.1.5.2 Any act which would make it impossible to carry on the ordinary business of the Partnership, except the liquidation of the Partnership under the circumstances permitted in Article 8, or the sale, exchange or other disposition of any Partnership Interest or other Investment or any other Partnership or Investment Entity assets that has been Approved by the Partners or otherwise is permitted under this Agreement;

5.1.5.3 Any action which would cause the Partnership to become an entity other than a Delaware limited partnership;

5.1.5.4 Changing the purposes of the Partnership;

5.1.5.5 Amending this Agreement;

5.1.5.6 Making in-kind distributions (except as provided in Section 8.3.8), or causing any Investment Entity to take any action with respect to any Investment Entity asset that would be a Major Decision if such action were taken by the Partners or the Partnership with respect to a Partnership asset;

5.1.5.7 Establishing or adjusting Gross Asset Value under Section 3.10 for any contributed or distributed asset or other Revalued Property (reasonable Approval only, subject to Sections 5.10(iii) and 8.3.8), or Approving the terms of the tenancy-in-common agreement described in Section 8.3.8;

5.1.5.8 Indemnification of any Person other than a Partner or its Affiliates pursuant to Section 5.5.2 or otherwise as permitted by this Agreement or as Approved by the Partners;

5.1.5.9 Except as provided in Sections 3.5.4, 3.11 and 4.3.2, entering into any agreement (i) which would cause any Partner to become personally liable on

or in respect of or to guarantee any indebtedness of the Partnership or (ii) which is not nonrecourse to such Partner;

5.1.5.10 Causing the Partnership to redeem or repurchase all or any portion of the interest of a Partner except as provided in Section 7.9, or, except as otherwise provided in Section 5.1.1.10, causing the Partnership to enter into any contract in connection with the acquisition, development, leasing or disposition of any Investment that is not in all Material respects consistent with the description thereof contained in an Approved Development Plan or which has not otherwise been Approved by the Partners (subject to Section 5.1.1.10, the Approved Budget limitations of Section 5.1.3.5, and the other provisions of this Section 5.1.5, no Approval of the Partners shall be required for any contract under which the aggregate amount payable by the Partnership or the Investment entities will be less than $100,000 per year, other than acquisitions, borrowings, leases, and dispositions of assets; in each case, except to the extent provided in Section 5.1.1.10); or to borrow money from a Partner or its Affiliates except pursuant to Sections 2.2.2 or 2.4;

5.1.5.11 Causing or permitting the Partnership to be merged with any other entity; selling Partnership or Investment Entity assets for consideration, including notes payable, or otherwise disposing of Partnership or Investment Entity assets, including contributions to a REIT;

5.1.5.12 Causing or permitting the Partnership to make a loan to, or enter into any contract with, any Partner or any Affiliate of a Partner, other than Tax Payment Loans permitted under Section 3.11, unless the terms of such loan or contract comply in all material respects with the parameters with respect thereto that have been Approved by the Partners or are contained in an Approved Development Plan;

5.1.5.13 Dissolving, terminating or liquidating the Partnership, except as provided in Article 8 of this Agreement;

5.1.5.14 Disposing of any Property or Investment (or any portion thereof) or permitting an encumbrance to be placed on Partnership or Investment Entity assets;

5.1.5.15 Incur or pay costs related to the Partnership any Investment or Property by or on behalf of the Partnership in excess of the amounts permitted under Sections 2.3.1 and 5.1.3.5 except pursuant to an Approved Budget;

5.1.5.16 Obtain any third-party loans (including an operating line of credit) on behalf of the Partnership or an Investment Entity, or, execute or deliver on behalf of the Partnership any guarantee or other agreement whereby the Partnership is or may become liable for any obligations of any other Entity;

5.1.5.17 Acquire any Property or Investment other than pursuant to Approved Development Plans, or take any action on behalf of the Partnership that is not within the scope of the Partnership purposes as set forth in Sections 1.4 and 1.11;

5.1.5.18 Modify, prepay or refinance any indebtedness of the Partnership, or any Investment Entity, or select any lenders to make loans to the Partnership or any Investment Entity;

5.1.5.19 Make any distribution except as permitted under this

Agreement except in connection with the liquidation of the Partnership under Article 8;

5.1.5.20 Commence, dismiss, terminate or settle any material litigation matter, material condemnation claim, or any other matter or claim (including an insurance claim) in connection with any Property exceeding an aggregate for any Partnership Accounting Year of the greater of (a) $50,000 or (b) 1% of the acquisition and development expenditures made by the Partnership with respect to such Property;

5.1.5.21 Determine the terms of any participation (e.g., distribution and control issues) of third-party investors in the Partnership or any Investment Entity;

5.1.5.22 Except as otherwise provided in Article 7, admit additional or transferee Partners to the Partnership as substituted Partners or enter into financing that participates in profits; or, except as provided in Article 7, permit any Transfer of any interest in the Partnership to the extent Approval of the Partners for such Transfer is required under this Agreement;

5.1.5.23 Confess any judgment against the Partnership or any Investment Entity or cause the Partnership or any Investment Entity to file for Bankruptcy or other relief from creditors;

5.1.5.24 Establish insurance requirements for the Partnership or settle insurance claims in excess of the dollar limit in Section 5.1.5.20;

5.1.5.25 Establish or release reserves for use by the Partnership except pursuant to an Approved Budget or as otherwise provided in this Agreement (reasonable Approval only), or permitting (or requiring) any Partner to make additional Capital Contributions to the Partnership except as expressly provided in this Agreement or issue any Funding Notice except as provided in Section 2.1.2.1(ii);

5.1.5.26 Except as provided in Section 5.1.4.2, voluntarily deviate to a Material extent (as provided in Section 5.1.1.10) from the terms of acquisition, disposition or other course of action with respect to any Investment or Property (whether owned by the Partnership or a proposed acquisition) that required the Approval of the Partners (regardless of whether contained in an Approved Development Plan), except that, to the extent actions are permitted to be taken hereunder in connection with an Emergency or an event of Force Majeure and are not prohibited by contracts of the Partnership (including contracts entered into in connection with the acquisition or disposition of Partnership Assets), a General Partner may deviate from any course of action Approved by the Partners as necessary to respond to such Emergency or as is necessary as the result of such event of Force Majeure, subject to the Approved Budget Limitations of Section 5.1.3.5;

5.1.5.27 Engage attorneys or for the Partnership or any Investment Entity (which attorneys shall be selected upon the reasonable Approval of the Partners). Price Waterhouse or another national accounting firm Approved by the Mack-Cali Limited Partner shall be the Partnership's accountants for all purposes, and the Partners hereby Approve the following as the initial attorneys authorized to perform services for the Partnership and the Investment Entities: Battle Fowler LLP; Mark Abramson, Esq.; Pircher, Nichols & Meeks; Pryor, Cashman, Sherman & Flynn; Farer, Siegal & Fersko; Ervin, Cohen & Jessup; and L. David Cole, Esq.;

5.1.5.28 Approve the form of lease, tenant improvement allowance or leasing commissions (except as provided in Section 5.1.1.10), project names or any leasing agent for the Properties other than Highridge Partners or their Affiliates as set forth in an Approved Development Plan or Approved Budget (reasonable Approval only); or issue any press releases or otherwise speak with the press concerning the terms of this Agreement (except that the Authorized Representatives of a Partner may disclose the details of a Property acquisition, development, financing, lease or disposition to the press after the same has occurred or in connection with advertising a Property for lease or sale); or

5.1.5.29 Take any other action that is required to be Approved by the Partners under this Agreement.

The enumeration of the foregoing rights shall not diminish or affect the existence or exercise of other rights expressly granted to each of the Partners under this Agreement. In the event of a deadlock in obtaining the Approval of the Partners with respect to any Major Decision, the deadlock shall be resolved as provided in Sections 5.10 and 5.11.

5.1.6 RETAINED APPROVALS; PROCEDURE FOR PARTNER REVIEW AND APPROVAL.

5.1.6.1 RETAINED APPROVALS. Notwithstanding anything to the contrary contained in this Agreement, after the loss of Approval rights by a

Partner under Section 7.9 (the "Non-Voting Partner"), the Non-Voting Partner shall still retain Approval rights with respect to:

(a) The determination of Gross Asset Value for any property (subject to Sections 5.10(iii) and 8.3.8);

(b) Any act in contravention of this Agreement or extending the term of the Partnership;

(c) Any action which would cause the Partnership to become an entity other than a Delaware limited liability Partnership;

(d) Changing the purposes of the Partnership;

(e) Amending this Agreement except as expressly provided in this Agreement (but only to the extent such amendment would materially and

adversely affect the Non-Voting Partner or its Affiliates, unless such amendment is permitted to be made without the Non-Voting Partner's Approval under Section 7.9);

(f) Indemnification of any Person other than a Partner or its Affiliates pursuant to Section 5.5.2 or except as otherwise permitted by this Agreement;

(g) Except as provided in Sections 3.11 and 4.3.2, entering into any agreement (A) which would cause the Non-Voting Partner or its Affiliates to become personally liable on or in respect of or to guarantee any indebtedness of the Partnership or (B) which is not nonrecourse to the Non-Voting Partner and its Affiliates;

(h) Causing the Partnership to redeem or repurchase all or any portion of the interest of a Partner except as provided in Section 7.9;

(i) Borrow money from a Partner or its Affiliates except pursuant to Sections 2.2.2 or 2.4;

(j) Acquire any Investment or cause any Investment Entity to acquire any Property, other than Investments and Properties that were Approved by the Partners for acquisition prior to the Non-Voting Partner losing its Approval rights with respect thereto under Section 7.9, take any action on behalf of the Partnership that is not within the scope of the Partnership purposes as set forth in Sections 1.5 and 1.11, or permit any Investment Entity to take any act that would require the Approval of the Non-Voting Partner under this Section 5.1.6.1 if taken by the Partnership;

(k) Unless in compliance with the requirements of Section 5.2, pay any salary, fees or other compensation to, or enter into any contract with, any Affiliate of any Partner (but only with respect to contracts that do not satisfy clauses (i) and (ii) of Section 5.2) or make loans to any Partner other than Tax Payment Loans;

(l) Prepay any Partnership indebtedness except (i) in connection with the disposition of any Investment or Property, (ii) in connection with the liquidation of the Partnership, (iii) to the extent such indebtedness is refinanced or (iv) in connection with restructuring of Partnership indebtedness; or enter into any borrowing, refinancing or modification of an existing borrowing other than on commercially reasonable terms for the reasonable needs of the Partnership's business; or entering into any participating financing if the Partners' interests are not diluted pro rata by such participation;

(m) With respect to the substitution of a transferee or additional Partner as a Partner, except as otherwise provided in Section 7.9, the Non-Voting Partner shall have the right to Approve the admission of any new Partner (other than pursuant to Section 7.9) to the extent that the Non-Voting Partner's interest in the

Partnership is diluted by the admission of the new Partner on a basis that is not pro rata with the dilution of the interests of all of the other Partners of the Partnership; and

(n) Establish reserves for the Partnership, or make expenditures from reserves, with respect to the Partnership or any Investment Entity except as permitted by this Agreement, or issue any

Funding Notice except as provided in Section 2.1.2.1(ii).

5.1.6.2 APPROVAL PROCEDURE. Notice of the request for a Partner's Approval of any matter for which such Approval is required pursuant to this Agreement shall be delivered by the requesting Partner to each of the Authorized Representatives of the other Partner, together with the requesting Partner's summary and analysis of any matter for which such Approval is requested and the requesting Partner's recommendations with respect to any matter for which Approval is requested. Unless some other time is specified in this Agreement, each Authorized Representative of such other Partner shall approve or disapprove such matter by notice to the other Partner given within ten (10) Business Days following delivery of such notice. Failure of any Authorized Representative to timely respond by written notice (or orally, if permitted under Section 1.12) to the requesting Partner, indicating Approval or disapproval of such matter, shall be deemed withholding of the Approval by such Authorized Representative of such matter for which Approval is requested. From and after any such submission to such Authorized Representative, and continuing until the matters addressed in such submission are Approved, each such Authorized Representative shall, upon request to the Partner who has possession thereof, be furnished promptly with access to or, if feasible, copies of such additional pertinent information which become available to such Partner that are requested by the Partner whose Approval has been sought. Notwithstanding anything in this Agreement to the contrary, no Authorized Representative of a Partner shall have the right to Approve any action if such Partner no longer has Approval rights with respect to such issue under Sections 7.9 and 5.1.6.1. Section 1.12 sets forth each Partner's Authorized Representatives and the actions that constitute the granting of a Partner's Approval.

5.2 AFFILIATE TRANSACTIONS; EXCLUSIVITY; MACK-CALI PROPERTY MANAGEMENT OPTION.

(a) AFFILIATE TRANSACTIONS. If all of the material terms thereof are clearly identified and fully described in an Approved Development Plan or are otherwise Approved by the Partners, any Partner or its Affiliates may provide services, including property management services, accounting services, construction services, legal or paralegal services (but only to the extent permitted by law), office administration, and/or document control services, to the Partnership and/or any Investment Entity, subject to the following conditions: (i) the fees for such services must be no greater than the fees charged generally by qualified, unaffiliated third-parties having comparable expertise and performing similar services in the geographical area in which the services are to be performed; and (ii) the other terms of the agreement pursuant to which such services will be performed shall generally be no more onerous than the terms of agreements used by qualified, unaffiliated third-parties having

comparable experience performing similar services in the geographical area in which the particular services are to be rendered.

(b) EXCLUSIVITY. Notwithstanding anything in this Agreement to the contrary, there shall be no restriction against the acquisition or ownership by any Partner or its Affiliates of any asset, including any office project, regardless of whether the same is competitive with a Property owned by the Partnership or an Investment Entity.

(c) MACK-CALI PROPERTY MANAGEMENT OPTION. The Mack-Cali Limited Partner has the option to elect to allow the Partnership to serve as the property manager for any property in which such Partner or such Partner's Affiliates have an interest (but which is not a Property owned by the Partnership or any Investment Entity) pursuant to the terms of a management agreement (the "Management Agreement") to be Approved by the Partners. If significant lease-up or rehabilitation services are required to be rendered by the Partnership in connection with a property for which such election has been made, the Highridge Partners or their Affiliates shall be entitled to receive a lease-up and rehabilitation fee equal to 10% of the Mack-Cali Limited Partner's (or such Affiliate's) profit from such property after it has recovered its investment therein plus a 10% cumulative annual return thereon (compounded quarterly), but only if such fee is Approved by the Mack-Cali Limited Partner in connection with the election to allow the Partnership to manage such property and the terms of such payment are set forth in the Management Agreement.

5.3 REPORTING REQUIREMENTS; FINANCIALS; MEETINGS.

5.3.1 GOVERNMENTAL REPORTS; MEETINGS. The Managing General Partner shall, at Partnership expense, use reasonable efforts to cause to be prepared and timely filed with appropriate federal, state and foreign regulatory and administrative bodies, all reports required to be filed with such entities under then current applicable laws, rules and regulations, subject to the reasonable Approval of the Partners, other than reports filed with local government agencies in connection with the entitlement and development of a Property (copies of which shall be furnished to the Mack-Cali Limited Partner within a reasonable time after the Mark-Cali Limited Partner has requested a copy thereof by notice to Highridge GP). Such reports shall be prepared on the

accounting or reporting basis required by such regulatory bodies. Each Partner shall be provided with a copy of any such report. No meeting of the Partners shall be required unless requested by any Partner upon notice to all Partners, which notice may be given by any Partner at any time. All Partners shall be given written notice of any meeting of the Partnership at least twenty (20) days prior to any such meeting by the Partner requesting such meeting. Any meetings shall be held at the record-keeping office of the Partnership or at any other reasonably convenient location within the United States as the requesting Partner may reasonably Approve and specify in such notice. The Partners may adopt a course of conduct that provides for such meetings to be held telephonically.

5.3.2 ACCESS; AUDIT. The Managing General Partner shall permit any Partner to review and copy, during normal business hours at the office of the Partnership, all Partnership financial records and information. Each Partner shall have the right to have such

records and information audited at Partnership expense; PROVIDED, HOWEVER, if such audit reveals material errors or omissions in such records and information due to a Major Default by any Partner, such Partner's Partner Group shall reimburse the Partnership for the expense of audit. The Managing General Partner shall maintain (at the office of the Partnership) reports required or otherwise prepared and delivered hereunder or under any Investment Entity Agreement, copies of which shall be furnished to each Partner when available, at the Partnership's expense, together with (upon request from any Partner) such supplementary records and reports as are necessary to reflect the allocation among the Partners of the tax items and distributions of the Partnership shown on any reports furnished (or required to be furnished) to the Partners under this Agreement.

5.3.3 FINANCIAL AND STATUS REPORTS. (a) The Managing General Partner shall cause the following reports to be issued at Partnership expense:

(i) The Managing General Partner shall use reasonable efforts to cause to be issued to the Partners annual financial reports, in reasonable detail, which shall be prepared and audited by the Partnership's independent certified public accountants at Partnership expense, by February 15 the following the close of each year (including a balance sheet and income and expense statements, both on an Investment-by-Investment basis and on a consolidated basis, showing sources and uses of funds, cash on hand, distributions, changes in financial position, tax information, Undistributed Preferred Return, Invested Capital, Undistributed Highridge Subordinated Contributions, Undistributed Highridge Subordinated Return, and unrepaid Partner loans on a Partner-by-Partner basis). Such financial reports shall be prepared using GAAP, or such other method as shall be Approved by the Mack-Cali Limited Partner from time to time upon reasonable advance notice to the Managing General Partner;

(ii) The Managing General Partner shall use reasonable efforts to cause to be issued to the Partners quarterly unaudited financial reports, in reasonable detail, within twenty-five (25) days after the close of each calendar quarter other than the fourth quarter of each year (commencing with the calendar quarter ending on June 30, 1998), internally prepared by the Managing General Partner and reviewed by the Partnership's accountants, including a balance sheet and income and expense statements, both on an Investment-by-Investment basis and on a consolidated basis (showing receipts on a tenant-by-tenant basis, and material defaults, to the extent requested by the Mack-Cali Limited Partner upon reasonable notice), sources and uses of funds, cash on hand, distributions, changes in financial position, Undistributed Preferred Return, Invested Capital, Undistributed Highridge Subordinated Contributions, Undistributed Highridge Subordinated Return, and unrepaid Partner loans;

(iii) The Managing General Partner shall use reasonable efforts to cause to be issued to the Partners a monthly income and expense statement, in reasonable detail, internally prepared by the Managing General Partner on both an Investment-by-Investment and consolidated basis within twenty (20) days after the close of each month (including December), showing sources and uses of Partnership funds and changes in the Partnership's financial position during such month. In connection with preparing such monthly income and expense statement, the Managing General Partner shall use commercially reasonable efforts to review the data provided by third parties (including property managers and accountants) that is to be

presented in such income and expense statement, such review to be commenced and completed to the extent possible, after using commercially reasonable efforts to do so, before the Managing General Partner furnishes such statement to the Partners. If such review is not completed prior to furnishing such statement, such review shall be completed as soon as is practicable thereafter (with notice being given to the Partners by the Managing General Partner of any variance from such statement that is discovered by the Managing General Partner in such

review); and

(iv) The Managing General Partner shall keep the Mack-Cali Limited Partner reasonably apprised of pending due diligence, acquisition, construction, leasing, marketing and disposition efforts with respect to proposed and owned Investments and Properties within a reasonable time after any material new development has occurred or the Mack-Cali Limited Partner requests an update; and

(b) In preparing reports required under this Agreement, the Managing General Partner may rely on information furnished by third parties (including property managers and accountants) to the extent that it is reasonable to do so.

(c) Notwithstanding anything in this Agreement to the contrary, (i) all Partnership and Investment Entity financials shall be prepared on the basis required by the auditors for the Mack-Cali Limited Partner, and (ii) the Partners shall make such amendments to this Agreement that reduce or eliminate the rights (but not the obligations) of the Mack-Cali Partners, or add to or increase the rights (but not the obligations) of the Highridge Partners, under this Agreement as are reasonably requested by the Mack-Cali Limited Partner from time to time in consultation with its auditors, in order to accommodate the objectives of: (A) the Mack-Cali Limited Partner not being required to consolidate with the Partnership for accounting purposes and (B) the Mack-Cali Limited Partner being able to report its share of the Partnership's income and losses using the equity method of accounting.

5.4 TAX MATTERS PARTNER; TAX RETURNS. The Managing General Partner is hereby designated as the "Tax Matters Partner", as such term is defined in Section 6231(a)(7) of the Code, and it shall serve as such at Partnership expense with all powers granted to a tax matters partner under the Code, except that the Managing General Partner shall not take any action as the Tax Matters Partner (including entering into any negotiation or settlement with any taxing authority, or extending the statute of limitations with respect to any Partnership item) without the reasonable Approval of the Mack-Cali Limited Partner. The Mack-Cali Limited Partner may elect to serve as the Tax Matters Partner instead of the Highridge GP, effective upon notice from the Mack-Cali Limited Partner to the Highridge GP which may be given at any time after the Highridge GP ceases to be a General Partner or has committed a Performance Default. The Partners' Approval rights with respect to Approving tax decisions (including settlements and extending the statute of limitations) are set forth in Section 3.12. Each Partner shall give prompt notice to each other Partner of any and all notices it receives from the Internal Revenue Service (or any other taxing authority) concerning the Partnership, including any notice of audit, any notice of action with respect to a revenue agent's report, any notice of a 30-day appeal letter and any notice of a deficiency in tax concerning the Partnership's federal, state or local income tax returns. At Partnership expense, the Tax Matters Partner

shall furnish each Partner with status reports regarding any negotiation between the Internal Revenue Service (or other taxing authority) and the Partnership promptly after any material new development, and the Mack-Cali Limited Partner shall be given sufficient advance notice by the Managing General Partner so that it shall have the opportunity to participate, and permit its professional tax advisers to participate, in person in all of such negotiations. The Tax Matters Partner shall use its reasonable efforts to cause the Partnership's accountants to prepare and file on a timely basis, with due regard to extensions (such extensions to be applied for unless reasonably Approved to the contrary by the Mack-Cali Limited Partner, all tax and information returns which the Partnership may be required to file. No tax or information return shall be filed without the reasonable Approval of the Mack-Cali Limited Partner. Drafts of the Partnership's tax returns shall be submitted to the Mack-Cali Limited for review and reasonable Approval at least thirty (30) days prior to the due date therefor (determined with due regard for extensions). The Managing General Partner shall cause the Partnership's accountants to prepare and deliver, at Partnership expense, to each Partner on a timely basis an information reporting return (K-1) reflecting each Partner's distributive share of all income, gain, loss, deductions, allowances or credits of the Partnership for each Partnership Accounting Year, as computed pursuant to Article 3. If there is a dispute as to the content of the Partnership's or Investment Partnership's tax returns, such returns shall be filed as directed by the Mack-Cali Limited Partner, with each other Partner having the right to file an inconsistent position return with the applicable taxing authority(ies).

5.5 INDEMNIFICATION AND LIABILITY OF THE PARTNERS. See Section 9.2 for certain conventions concerning the extent to which the acts of Affiliates or employees of a Partner or its Affiliates will not be taken into account for purposes of this Section 5.5 in determining whether such Partner is liable (or is not entitled to indemnification) with respect thereto.

5.5.1 No Partner shall be liable, responsible or accountable in damages or otherwise to any of the other Partners or to the Partnership for any act or omission performed or omitted by it on behalf of the Partnership, except

for a Major Default, gross negligence, and damages for a breach of this Agreement by such Partner that is not cured within the time provided in Section 9.2, or the breach by such Partner or its Affiliates of any agreement with the Partnership or an Investment Entity that is not cured within the time provided in such Agreement.

5.5.2 Except to the extent to the extent attributable to a Major Default, gross negligence by a Partner or a Partner's Affiliates, a Partner's breach of this Agreement that is not cured within the time provided in Section 9.2, or the breach by such Partner or its Affiliates of any agreement with the Partnership or an Investment Entity that is not cured within the time provided in such Agreement, the Partnership shall indemnify and hold harmless each Partner and its Affiliates (and their partners, shareholders, or members) from and against any obligations, actual damages, penalties, actions, judgments, suits, expenses, disbursements, losses, costs or liabilities of any kind or nature whatsoever which may be imposed upon, incurred or asserted against such Partner or its Affiliates (or their partners, shareholders, members and their Affiliates), including reasonable attorneys' and paralegals' fees and court costs, except to the extent the same are reimbursed to such Partner or its Affiliates by insurance proceeds or indemnities from third parties, in connection with, due to

or arising out of (i) such Partner's serving as a Partner (including serving as the Managing General Partner or as a Co-General Partner of the Partnership), or (ii) the execution and delivery by such Partner (or its Affiliates) of any guarantee or payment or performance (including the General Partner Guaranties), any completion agreement or guarantee, any hazardous or toxic substance indemnity or guarantee or any other agreement Approved by the Partners (or permitted to be entered into without such Approval) whereby such Partner or Affiliate undertakes any monetary, performance or indemnification obligation on behalf of the Partnership or any Investment Entity in connection with the ownership, operation or financing of an Investment or Property.

5.5.3 Each Partner shall indemnify and hold harmless each other Partner and the Partnership from and against any direct (and not consequential or incidental) obligations, actual damages, penalties, actions, judgments, suits, expenses, disbursements, losses, costs or liabilities (collectively, the "Liabilities") incurred or paid by such other Partner, the Partnership or an Investment Entity, or their Affiliates (to the extent such Liabilities are not reimbursed by insurance proceeds or indemnities from third parties), to the extent such Liabilities are caused by such Partner's (or its Affiliate's) Major Default, gross negligence, or breach of this Agreement that is not cured within the time provided in Section 9.2, or the breach by such Partner or its Affiliates of any agreement with the Partnership or an Investment Entity that is not cured within the time provided in such agreement.

5.5.4 Each Partner hereby grants to each of the other Partners and the Partnership, as security for the performance of all obligations of such Partner pursuant to this Agreement, a security interest in and to its interest in the Partnership, pursuant to and in accordance with the provisions of the Uniform Commercial Code of California, and agrees in the event such Partner is finally adjudicated to be liable to the Partnership or another Partner for any amount and fails, within thirty (30) days thereafter to pay the amount owed, the non-defaulting Partner(s) and the Partnership shall each have and are hereby granted all the rights, remedies and recourse afforded a secured party under the Uniform Commercial Code of California, including foreclosing upon the defaulting Partner's interest in the Partnership and selling such interest at public or private sale or retaining such interest in accordance with the Uniform Commercial Code of California. To evidence such security interest, each Partner shall from time to time execute and deliver such documents as may be reasonably requested by any other General Partner, including a financing statement (which may be recorded or filed in accordance with applicable law) and continuation statements. If the Partnership interest of a defaulting Partner is foreclosed and sold or the interest retained as aforesaid, each non-defaulting Partner is hereby authorized on behalf of the defaulting Partner and designated the attorney-in-fact of the defaulting Partner to execute any and all documents and take such other action as may be required to effectuate the sale and transfer of the defaulting Partner's Partnership interest. Such authorization and designation shall be deemed coupled with an interest and shall be irrevocable.

5.5.5 In any case where indemnity is sought by a Partner, such Partner shall give notice of the request for indemnification to the Partnership and the other Partners from whom the indemnity is required and give them the opportunity to the extent reasonably

possible, to participate in the defense of the claim giving rise to the claim for indemnity, all at Partnership expense.

5.5.6 All indemnity payments and reimbursements payable under this

Agreement to a Partner or an Affiliate of a Partner shall be treated as amounts owed to a creditor of the Partnership, shall be paid in the ordinary course of business, without regard to whether the Partnership has Net Available Cash, and, shall be paid by the Partnership, PARI PASSU with other creditors of the Partnership, in all cases prior to making distributions to Partners under Sections 4.1 and 4.2. No Partner shall have any liability under this Agreement for failing to take any action under this Agreement or any agreement with the Partnership or an Investment Entity if (i) such Partner is prohibited from taking such action without the Approval of a Partner in the other Partner Group under this Agreement and (ii) such Partner in the other Partner Group fails to grant such Approval to take such action. No Partner shall have any liability for failing to grant any Approval permitted to be granted by it under this Agreement.

5.5.7 Notwithstanding anything to the contrary contained in this Agreement, no Partner Group or its Affiliates shall receive any reimbursement from the Partnership or another Partner for any portion of the salaries or benefits of its Controlling Persons or the rent or utility costs of such Partner's offices except as Approved by the other Partner Group.

5.6 CONTROL CHANGE. If the Managing General Partner becomes a Terminated Partner or commits a Removal Default, the Mack-Cali Limited Partner may appoint a Co-General Partner, and such Co-General Partner may elect to become the Managing General Partner and to assume the Managing General Partner's authority and responsibilities under this Agreement as provided in Section 7.9.5 (subject to Section 5.9). If the Managing General Partner has committed a Performance Default with respect to an Investment or a Property, the Mack-Cali Limited Partner shall have the rights with respect to such Investment or Property set forth in Sections 5.10(ii) and 7.9.5 (including the appointment of a Co-General Partner to take all actions with respect to such Investment or Property on behalf of the Partnership, with the Managing General Partner having no further Approval rights with respect to such Investment or Property except those set forth in Section 5.1.6.1).

5.7 LIMITATION OF LIABILITY. Each Partner's liability shall be limited as set forth in this Agreement, the Act and other applicable law. Except as provided in Sections 2.1.2, 2.2.2.1, 3.5.4, 3.11, 4.3.2, 5.5.1, 5.5.3 or 7.6, a Partner will not be personally liable for any debts or losses of the Partnership beyond the Partner's interest in the Partnership, other than distributions received by a Partner as to which, by terms of the Act, such Partner is obligated to return. No partner, officer, director, shareholder or manager of a Partner shall be liable for the obligations of such Partner to the Partnership or the other Partners under any circumstances other than a Major Default that has actually been committed by such partner, officer, director, shareholder or manager or as provided in Section 3.11.

5.8 NO PRIORITIES. Except as specifically provided in this Agreement, no Partner shall have any priority over any other Partner as to the return of his or its Capital Contributions or as to distributions or allocations of Profits or Losses or other tax items.

5.9 DETERMINATION DATE FOR INDEMNITY PAYMENTS, REMOVAL DEFAULTS, PERFORMANCE DEFAULTS AND MAJOR DEFAULTS; ARBITRATION.

5.9.1 For purposes of this Agreement, until the "Determination Date" (defined below) has occurred, (i) no amount shall be due and owing by any Partner to the Partnership or to another Partner pursuant to Section 3.5.4, 5.5.1 or 5.5.3, 7.6 or 9.2, and (ii) no Major Default, Performance Default or Removal Default shall be deemed to have occurred and no Partner shall be deemed to have become a Terminated Partner for purposes of applying Section 7.9 other than by reason of such Partner becoming a Defaulting Partner under Section 2.2.2, in each case if there is a bona fide dispute as to whether such amount is due or whether a Partner is a Terminated Partner (other than by reason of such Partner becoming a Defaulting Partner under Section 2.2.2) or has committed a Performance Default or Removal Default. Except for the purpose of determining that a Control Change Notice issued by the Mack Cali Limited Partner is effective as provided below in this Section 5.9 upon an alleged Major Default, Performance Default or Removal Default by the Managing General Partner or because the Managing General Partner is a Terminated Partner, the "Determination Date" shall be deemed to have occurred only upon the earlier to occur of the following: (a) the final determination by a Court described in Section 9.4 that an amount described in Section 3.5.4, 5.5.1, 5.5.3, 7.6 or 9.2 is due and payable, or the Major Default, Performance Default or Removal Default in question has occurred or a Partner has become a Terminated Partner (as the case may be) and the expiration of the time to file a notice of appeal from such determination has expired without such notice having been filed; or (b) the affirmation of a determination described in preceding clause (a) by the entry of judgment to such effect by the court to which such determination has been appealed.

5.9.2 Notwithstanding the provisions of this Section 5.9, if the Mack-Cali Limited Partner alleges in good faith, by issuing a Control Change

Notice to the Managing General Partner stating that the Managing General Partner has committed a Major Default Performance Default, or Removal Default or that the Managing General Partner otherwise is a Terminated Partner, and the Managing General Partner in good faith gives notice to the Mack-Cali Limited Partner within five (5) Business Days after receiving such Control Change Notice that it disputes whether such Major Default, Performance Default or Removal Default or any event giving rise to Terminated Partner status has occurred, the Mack-Cali Limited Partner may commence an expedited arbitration proceeding held in Los Angeles, California pursuant to applicable California arbitration rules to determine whether such Major Default, Performance Default or Removal Default or other event giving rise to Terminated Partner status has occurred by giving notice to the Managing General Partner appointing a qualified arbitrator and stating that the Mack-Cali Limited Partner is invoking the arbitration proceedings of this Section 5.9. Within five (5) Business Days after receiving such notice, the Managing General Partner shall, by notice to the Mack-Cali Limited Partner, appoint a second qualified arbitrator. If the Managing General Partner fails timely to so appoint such second qualified arbitrator, or fails timely to notify the Mack-Cali Limited Partner that the Managing General Partner disputes whether such Major Default, Performance Default, Removal Event or event giving rise to Terminated Partner status has occurred, the Determination Date shall be deemed to have occurred solely for the purposes set forth below in this Section 5.9. If the

Managing General Partner timely so appoints such second qualified arbitrator, the two arbitrators so appointed shall appoint a third qualified arbitrator within five (5) Business Days after the notice of the appointment of the second arbitrator is received from the Managing General Partner by the Mack-Cali Limited Partner. Within five (5) Business Days after being appointed, the third arbitrator shall (A) consider the evidence submitted by the Partners and (B) upon notice to all Partners, determine (solely for purposes of determining whether such Control Change Notice is valid and effective) whether the Managing General Partner has committed a Major Default, Performance Default, or Removal Event or event giving rise to Terminated Partner status. If the third arbitrator determines that the Managing General Partner has committed a Major Default, Performance Default, or Removal Event, or that any event giving rise to Terminated Partner status has occurred, then the Determination Date shall be deemed to have occurred solely for purposes of determining whether such Control Change Notice is effective and thereby enabling (i) the Co-General Partner appointed by the Mack-Cali Limited Partner pursuant to Section 7.9.5 to become the Managing General Partner and permanently assume the Managing General Partner's authority and responsibility under Section 7.9.5 if a Removal Default or any event giving rise to Terminated Partner status was held to have occurred in the arbitration, or who may, in the case of a Performance Default that is held in the arbitration to have occurred with respect to an Investment or Property, take all actions with respect to such Investment or Property on behalf of the Partnership, with the Managing General Partner having no further Approval rights with respect to such Investment or Property except those set forth in Section 5.1.6.1, or (ii) the Mack-Cali Limited Partner to have the rights set forth in Section 5.10(ii). The Determination Date shall not be deemed to have occurred for any other purpose unless and until otherwise provided in this Agreement. During the period beginning on the date on which such Control Change Notice is received by the Managing General Partner and ending with the determination by the foregoing arbitration that the subject Major Default, Performance Default, Removal Event, or event giving rise to Terminated Partner status has not occurred, all actions permitted to be taken under this Agreement by the Managing General Partner without the consent of the Mack-Cali Limited Partner in connection with the operation of the Partnership's business (or, in the case of a Performance Default, in connection with the Investment or Property that is the subject of the Performance Default being arbitrated) shall, upon the election in writing by the Mack-Cali Limited Partner made by giving notice to the Highridge Partners (which election may specify which Approval rights it desires and may be supplemented by notice from the Mack-Cali Limited Partner to add or remove Approval rights specified in such notice), require the Approval of the Mack-Cali Limited Partner (and the Managing General Partner shall be absolved of all responsibility and liability to the Partnership and the Mack-Cali Partners for failing to undertake all such actions for which the Mack-Cali Limited Partner has withheld its Approval during such period). The costs of the arbitration shall be funded 50% by each Partner Group, and the Partners shall bear their own attorneys fees, during the arbitration. The prevailing Partner Group shall be repaid all of such expenses by the non-prevailing Partner Group within ten (10) days after receiving notice of the third arbitrator's decision. A "qualified arbitrator" means any Person who has had over fifteen (15) years of experience in drafting, negotiating and/or interpreting partnership and/or operating agreements involving the ownership and operation of commercial real estate.

5.10 DEADLOCK/PARTNER SALE RIGHTS. Either Highridge GP or the Mack-Cali Limited Partner (provided such Partner has not become a Terminated Partner or committed a Performance Default or Removal Event) may at any time give notice to

the other (a "Deadlock Notice") if such Partner asserts that there is an irreconcilable difference of opinion among the Partner Groups (a "Deadlock") as to the course of action to be taken with respect to any Major Decision on which they both have Approval rights. The Deadlock Notice shall describe the Deadlock and the resolution proposed by the Partner issuing the Deadlock Notice. If a Deadlock Notice is properly issued, the Partners shall meet in good faith during the 30-day period after the Deadlock Notice has been received. If the Major Decision that is the subject of the Deadlock is not resolved within such 30-day period, then:

(i) In the case of any Deadlock that occurs prior to the First Offer Date (defined in Section 5.11), there shall be no mechanism to resolve the Deadlock and arbitration or litigation shall not be used to resolve any such Deadlock except as provided in Section 5.10 (iii), this clause (i), in clauses (ii) and (iii) of this Section 5.10, or in Section 5.4 in the case of tax returns. In the case of a Deadlock occurring on or after the First Offer Date, the provisions of this clause (i), Sections 5.10(ii) and (iii), 5.4 (tax returns) and 5.11 (the first-offer procedure) shall apply. In the case of a Deadlock that occurs at any time regarding (A) whether a Funding Notice is permitted or required to be issued under Section 2.1(b), or (B) what actions should be taken with respect to the sale or other disposition of assets that is being made in connection with the liquidation of the Partnership where both the Highridge GP and the Mack-Cali Limited Partner have Approval rights with respect thereto, the dispute may be resolved through an expedited arbitration conducted in accordance with a procedure that is analogous to that contained in Section 5.9.2 (with conforming changes being made to the terminology contained therein and with either Highridge GP or the Mack-Cali Limited Partner being able to invoke such arbitration proceeding by notice to the other).

(ii) SPECIAL RULES FOR PERFORMANCE DEFAULTS. From and after the date on which a Performance Default with respect to an Investment or Project has been held to have occurred under Section 5.9.2 for purposes of issuing a Control Change Notice under Section 7.9.5, the Mack-Cali Limited Partner may propose to the Highridge GP that any action be taken (or not be taken) at any time by the Partnership or an Investment Entity with respect to such Investment or Project. If Highridge GP does not agree with such proposal, such Deadlock shall be resolved in the manner directed and Approved by the Mack-Cali Limited Partner (and Highridge GP shall cause the Partnership and such Investment Entity promptly to take, or refrain from taking, as appropriate, such action in the manner so directed and Approved by the Mack-Cali Limited Partner). In the case of a Performance Default, the Mack-Cali Limited Partner shall also have the rights set forth in Section 7.9.5 with respect to appointing a Co-General Partner.

(iii) GROSS ASSET VALUE DEADLOCKS. In the case of a Major Decision described in Section 5.1.5.7 or 8.3.8, concerning the Gross Asset Value of any property, the dispute concerning such Major Decision shall be resolved in the following manner (subject to the special rules contained in Section 8.3.8). Unless and

until such Gross Asset Value has been Approved by the Partners or determined as provided in this paragraph (iii), the transaction giving rise to the determination of Gross Asset Value shall not be consummated by any Partner. Either Highridge GP or the Mack-Cali Limited Partner (the "Invoking Partner") may give notice to the other of them (the "Other Partner") stating that such Partner is invoking the following procedure, setting forth its proposed Gross Asset Value for such property (the "GAV Notice"), and appointing a "qualified appraiser" (defined below). Within five (5) Business Days after receiving a GAV Notice, the Other Partner shall, by notice to the Invoking Partner, appoint a second qualified appraiser. If the Other Partner fails timely to so appoint such second qualified appraiser, the Gross Asset Value shall be deemed to be that set forth in the GAV Notice. If the Other Partner timely so appoints such second qualified appraiser, the two appraisers so appointed shall appoint a third qualified appraiser within five (5) Business Days after the notice of the appointment of the second appraiser is received by the Invoking Partner. Within five (5) Business Days after being appointed, the third appraiser shall (A) consider the evidence submitted by the such Partners and (B) upon notice to both of such Partners, determine such Gross Asset Value. The cost of the appraisal shall be funded by the Partnership, and the Partner Groups shall bear their own attorneys fees, during the appraisal. A "qualified appraiser" means any M.A.I. appraiser who has had over fifteen (15) years of experience in valuing commercial real estate in Los Angeles, California.

(iv) PARTNER SALE RIGHTS. The Mack-Cali Limited Partner shall have the right to cause the Partnership to cause the sale or other disposition of any Property at any time if (a) a Co-General Partner has assumed the Managing General Partner's authority and responsibility, or the Mack-Cali Limited Partner or a Co-General Partner has assumed control of such Property, under Section 5.10(ii) or Section 7.9.5, (b) the Managing

General Partner becomes a Terminated Partner, (c) [INTENTIONALLY OMITTED] or (d) the Mack-Cali Limited Partner reasonably determines prior to completion of such Property that development of such Property should be abandoned (an "Abandonment Decision"). The right to cause a sale or other disposition of a Property pursuant to the foregoing clauses (a) through (c) shall be hereinafter referred to as the "Mack-Cali Sale Right." If the Mack-Cali Limited Partner becomes a Terminated Partner, the Managing General Partner shall have the right to cause the Partnership to sell such Property (or any or all Properties if the Mack-Cali Limited Partner has become a Terminated Partner) at any time (the "Managing General Partner Sale Right"). If the Co-General Partner makes an Abandonment Decision pursuant to this Section 5.10(iv), the Partners' obligations to fund the completion of such Property shall cease for any future development and the Partners shall separately fund and bear, without reimbursement from the Partnership, any Investment Partnership or any Partner or its Affiliates, any abandonment costs (including any amounts that are due and payable by a Partner or any Affiliate of a Partner under any Managing General Partner Guaranty to the extent indemnification is available with respect thereto under Section 5.5) in the ratio of 80% by the Mack-Cali Partners and 20% by the Highridge Partners.

Any Property to be sold in accordance with clause (d) of this Section 5.10(iv) or upon a liquidation in accordance with Article 8 that does not occur as the result of the exercise of the Mack-Cali Sale Right or the Managing General Partner Sale Right shall be sold in a manner reasonably Approved by the Partners or, if necessary, as determined pursuant to the procedure described in Section 5.10(i)(B). If the Mack-Cali Limited Partner has the Mack-Cali Sale Right with respect to any Property, upon notice to the Managing General Partner, the Mack-Cali Limited Partner shall have the right to cause the Partnership to sell or otherwise dispose of such Property as it shall Approve, including the right to cause the Partnership to sell or contribute such Property to a REIT (whether or not Controlled by Mack-Cali Realty or its Affiliates). Notwithstanding anything to the contrary contained in this Agreement, if any Property has achieved 95% Stabilization, the Co-General Partner shall have the right to cause the Partnership to sell or contribute such Property to a REIT that is Controlled by Mack-Cali Realty or its Affiliates. Any sale or contribution of a Property by the Partnership or an Investment Entity (regardless of whether made pursuant to the Mack-Cali Sale Right under this Section 5.10(iv), pursuant to Section 5.11 or any other provision of this Agreement) to an Affiliate of any Mack-Cali Partner or to a REIT that is Controlled by Mack-Cali-Realty or its Affiliate shall be made at fair market value as determined through the "FMV Appraisal Procedure" set forth herein, provided however, that if the Mack-Cali Limited Partner elects to contribute a Property to a REIT instead of effecting a sale of the Property, the Highridge Partners shall have the option to receive cash for their indirect interests in such Property (equal to the amount they would have received if the Property were sold for cash) instead of REIT stock or partnership interests.

If Highridge GP does not Approve the value proposed by the Mack-Cali Limited Partner, the "FMV Appraisal Procedure" which shall be invoked by the Mack-Cali Limited Partner as a condition precedent to a transfer of a Property to a REIT Controlled by the Mack-Cali Limited Partner or its Affiliates is as follows. The Mack-Cali Limited Partner shall give notice to the Managing General Partner stating that the Mack-Cali Limited Partner is invoking the FMV Appraisal Procedure, setting forth its proposed fair market value for the Property (the "FMV Notice"), and appointing a "qualified appraiser" (defined below). Within five (5) Business Days after receiving an FMV Notice, the Managing General Partner shall, by notice to the Co-General Partner, appoint a second qualified appraiser. If the Managing General Partner fails timely to so appoint such second qualified appraiser, the fair market value shall be deemed to be that set forth in the FMV Notice. If the Managing General Partner timely so appoints such second qualified appraiser, the two appraisers so appointed shall appoint a third qualified appraiser within ten (10) Business Days after the notice of the appointment of the second appraiser is received from Highridge GP by the Managing General Partner. Within five (5) Business Days after being appointed, the appraisers shall (A) consider the evidence submitted by such Partners and (B) upon notice to both of such Partners, determine such fair market value. The fair market value shall be the amount determined by the three appraisers, or if there is a dispute among the three appraisers as to value, the value established by the third appraiser shall be the fair market value (but the fair market value shall not exceed the highest, or be less than the lowest, value

established by the other two appraisers). The cost of the appraisal shall be funded by the Partnership, and the Partners shall bear their own attorneys fees, during the appraisal. A "qualified appraiser" means any

M.A.I. appraiser who has had over fifteen (15) years of experience in valuing commercial real estate in Los Angeles, California.

5.11 PROPERTY DEADLOCK. Notwithstanding the provisions of Sections 5.9 and 5.10, if (A) either Partner Group desires to sell or otherwise dispose of any Property at any time after the expiration of thirty-six (36) months after the completion of such Property if 95% Stabilization (as defined in Exhibit H) has not occurred by such date and such Partner Group does not then have the right to dispose of such Property pursuant to the Managing General Partner Sale Right or the Mack-Cali Sale Right (as appropriate) under Section 5.10(iv), (B) on or after the date on which 95% Stabilization of a Property has occurred, either Partner Group desires to sell or otherwise dispose of such Property and such Partner Group does not then have the right to dispose of such Property pursuant to the Mack-Cali Sale Right or the Managing General Partner Sale Right (as appropriate) under Section 5.10(iv), or (C) there is a dispute as to whether any Major Decision (other than those described in the last sentence of Section 5.10(i)) should be Approved (or reasonably Approved) by the Partners with respect to such Property (the events referred to in the preceding clauses (A), (B) and (C) of this Section 5.11 are individually referred to as a "Property Deadlock"), the resolution of such Property Deadlock shall only be made pursuant to this Section 5.11.

(a) If a Property Deadlock occurs, either of the Highridge Partners or the Mack-Cali Partners (the "Proponent Group") (provided no Partner in such Partner Group shall be a Terminated Partner, shall have committed a Performance Default with respect to such Property, or shall have committed a Removal Default, and, PROVIDED, FURTHER, that no prior election to sell or otherwise dispose of such Property shall have been made and be pending under Section 5.10(iv) or otherwise shall have been Approved by the Partners and be pending), may give the other Partner Group (the "Respondent Group") notice (the "First Offer Notice") setting forth a gross value for such Property (the "Proponent Group First Offer Price").

Within ten (10) Business Days after receiving the First Offer Notice, the Respondent Group may give notice to the Proponent Group (the "Appraisal Notice") electing to establish the gross value of the Property by appraisal (in lieu of using the Proponent Group First Offer Price). In order for the Appraisal Notice to be effective, the Appraisal Notice must both (1) appoint the first of the three qualified appraisers who will establish the gross value of the Property (including any reserves of the Partnership and any Investment Entity allocable to such Property) by appraisal (the "Appraised First Offer Price"), and (2) elect one of the following procedures:

(i) BUY-OUt. If elected by the Respondent Group, the Respondent Group irrevocably elects to purchase the Proponent Group's interest in the Property for the amount the Proponent Group would receive if the Property were sold for the Appraised First Offer Price and the net proceeds thereof (after repayment of Partnership or Investment Entity debt allocable to such Property and after deducting reasonable reserves for contingencies for such Property) were paid and/or distributed by the Partnership to the Partners pursuant to Sections 4.1 and 4.2 ("Proponent Group Interest Purchase Price"); or

(ii) NON-BINDING APPRAISAL. If elected by the Respondent Group, the Proponent Group shall have the option, exercisable by notice to the Respondent Group given within thirty (30) days (or 60 days if the Proponent Group is the Highridge Group and an All-Cash Election has been made under Section 5.11(b)) after receiving the Appraised First Offer Price, to purchase the interest of the Respondent Group in such Property for the amount the Respondent Group would receive if the Property were sold for the Appraised First Offer Price and the net proceeds thereof (after repayment of Partnership or Investment Entity debt allocable to such Property and after deducting reasonable reserves for contingencies for such Property) were paid and/or distributed by the Partnership (the "Respondent Group Interest Purchase Price"). If within the foregoing 30 or 60-day period (as applicable), the Proponent Group does not elect to purchase the Respondent Group's interest in such Property pursuant to the foregoing, then, the Respondent Group shall have the option to elect by notice to Proponent Group, given within the thirty (30) day period (or 60-day period if the Respondent Group is the Highridge Partners and an All-Cash Election has been made by the Mack-Cali Partners as provided in Section 5.11(b)) after the expiration of such 30-day period (or 60-day period, as applicable), to purchase the Proponent Group's interest in such Property for the Proponent Group Interest Purchase Price. If within the foregoing thirty 30 or 60-day period (as applicable), the Respondent Group does not elect to purchase the Proponent Group's interest in such Property pursuant to the foregoing, then the Proponent Group shall have the right to unilaterally cause the sale of the Property (without the Approval of any other Partner being required) for a price not less favorable to the Partnership than the Appraised First Offer Price. The Proponent Group shall have one hundred twenty (120) days to close such sale (which period shall be extended to one hundred eighty (180) days if a binding, non-contingent, sale contract has been executed

prior to expiration of such 120 day period).

If an Appraisal Notice is timely given by the Respondent Group within ten (10) Business Days after receiving a First Offer Notice, the Proponent Group shall, within five (5) Business Days after receiving such Appraisal Notice, appoint a second appraiser to establish the Appraised First Offer Price as set forth above. If the Proponent Group does not timely appoint the second appraiser, the value established by the first appraiser shall control. Within five (5) Business Days after the first appraiser receives notice of the identity of the second appraiser, the first and second appraisers shall appoint a third appraiser. Within ten (10) business days after the third appraiser is appointed, the appraisers shall issue to the Proponent Group and the Respondent Group their determination of the Appraised First Offer Price. In the case of a dispute among the three appraisers as to value, the value established by the third appraiser shall be the Appraised First Offer Price for the purpose of this Section 5.11 (but the Appraised First Offer Price shall not exceed the highest, or be less than the lowest, value established by the other two appraisers). The cost of the appraisal shall be borne 50% by the Proponent Group and 50% by the Respondent Group.

If an Appraisal Notice is not timely given by the Respondent Group within the ten (10) Business Day period prescribed above, then the Respondent Group shall have thirty (30) days (or sixty (60) days if the Highridge Partners are the Respondent Group and an All-Cash Election has been made by the Proponent Group) after receiving the First Offer Notice to elect, by giving notice to the Proponent Group, to purchase the Proponent Group's interest in the Property for the amount the Proponent Group would receive if the Property were sold for the Proponent Group's First Offer Price and the net proceeds (after repayment of Partnership and Investment Entity debt allocable to the Property and after deducting reasonable reserves for contingencies for such Property) were distributed and/or paid by the Partnership pursuant to Sections 4.1 and 4.2 ("Non-Appraisal Interest Purchase Price") to the Partners and, except as provided in Section 5.11(c) below, the Respondent Group shall have sixty (60) days thereafter to close on the purchase of the Proponent Group's interest in the Property. If the Respondent Group fails to elect to purchase the interest of the Proponent Group within the 30- or 60-day period (as applicable) after receiving the First Offer Notice as specified above, the Proponent Group may unilaterally cause the sale of the Property for a price not less favorable to the Partnership than the Proponent Group's First Offer Price. In such event, the Proponent Group shall have one hundred twenty (120) days after the expiration of the specified 30- to 60-day period (as applicable) to close such sale of the Property (which period shall be extended to one hundred eighty (180) days if a binding, non-contingent, sale contract has been executed prior to the expiration of the foregoing 120-day period).

(b) The Respondent Group or Proponent Group that elects to purchase the other Partner Group's interest in a Property following invocation of the first-offer procedure of this Section 5.11 shall have sixty (60) days after the election to close the purchase of such interest in such Property, PROVIDED, HOWEVER, that if: (x) the Mack-Cali Partners are the Proponent Group and state in the First Offer Notice, or (y) the Mack-Cali Partners are the Respondent Group and state in the Appraisal Notice, that they elect not to permit deferred payment terms for the Highridge Partners as purchaser (an "All-Cash Election"), then the Highridge Partners shall have sixty (60) days (instead of 30 days) after the purchase price is established for the Mack-Cali Partners' interest in such Property to elect to purchase and ninety (90) days thereafter to close such purchase. If the Highridge Partners are

the purchaser of the Mack-Cali Partners' interest in a Property and the Mack-Cali Partners did not make an All-Cash Election, the terms of the purchase shall be as follows: 25% of the interest purchase price shall be paid in cash as the down payment at the closing, and the balance of the purchase price shall be payable one year after closing. If the Mack-Cali Partners are the purchaser of the Highridge Partners' interest in a Property, or if the Mack-Cali Partners made an All-Cash Election, the entire purchase price for such interest shall be paid at closing. At closing, (i) the Partnership shall distribute the Property to the purchasing Partner Group, (ii) the selling Partner Group shall be deemed to have received a distribution of the Proponent Group Interest Purchase Price or the Respondent Group Interest Purchase Price (as applicable, depending on whether the selling Partner Group is the Proponent Group or the Respondent Group) under this Agreement, and (iii) the purchasing Partner Group shall be deemed to have received a distribution of the Proponent Group First Offer Price or the Appraised First Offer Price (as applicable), less allocable the debt, and less the purchase price payable to the selling Partner Group. The purchasing Partner Group shall be obligated to pay any release price to the Partnership's or Investment Entity's lenders as necessary to permit the purchasing Partner Group to own the Property if the debt encumbering the Property is not assumable by the purchasing Partner Group, PROVIDED, HOWEVER, that if (A) the Highridge Partners purchase the Mack-Cali Partners' interests in a Property, and (B) the

Mack-Cali Partners did not make an All-Cash Election, the Mack-Cali Partners shall lend or arrange to have lent (subject in each case to any obligation not to breach loan covenants on their debt and that of their Affiliates) to the Highridge Partners 75% of such release price for a one-year period on a non-recourse basis (subject to standard recourse carve-outs for environmental liability and wrongful acts) at a rate equal to the greater of 100 basis points over the Prime Rate or 300 basis points over LIBOR. If the purchasing Partner Group wrongfully fails to close timely the purchase of the selling Partner Group's interest in the Property, the selling Partner Group shall have as its exclusive remedies for such failure the right to assume complete control over the disposition of that Property (without the Approval of any other Partner being required) and the right to purchase the breaching Partner Group's interest in that Property (and receive a distribution of that Property in respect thereof) for 80% of the amount that the breaching Partner Group would have received if the Property were sold for the Proponent Group First Offer Price or Appraised First Offer Price (as applicable), and the damage provisions of Section 9.2 shall not apply to such breach.

The Proponent Group Interest Purchase Price, the Respondent Group Interest Purchase Price and the Non-Appraisal Interest Purchase Price shall be readjusted to account for the release of any reserves for contingencies previously reducing such amounts when such amounts become available for distribution to the Partners.

(c) Notwithstanding anything in this Agreement to the contrary, by notice to Highridge GP given by the Mack-Cali Limited Partner at any time at least five (5) Business Days before a payment of purchase price to the Highridge Partners is required under this Section 5.11, the Mack-Cali Limited Partner may elect to satisfy all or any portion of its obligation to pay the purchase price payable to the Highridge Partners under this Section 5.11 by the delivery of shares of common stock in Mack-Cali Realty that may be sold immediately on a national securities exchange without further registration or restriction and that constitute marginable securities (such shares to be valued at the average closing price per share on a

national securities exchange for the ten trading days preceding the date that is five (5) Business Days prior to the date on which the payment in shares is being made); PROVIDED, HOWEVER, that the Highridge Partners shall have the option, exercisable by Highridge GP giving notice to the Mack-Cali Limited Partner prior to the time such Mack-Cali Realty shares are issued to the Highridge Partners, to contribute all of their interests in the Partnership to Mack-Cali Realty, L.P. and to receive operating partnership units in Mack-Cali Realty, L.P. in lieu of receiving such shares in Mack-Cali Realty (such operating partnership units to be subject to the one-year holding period before conversion or redemption that is customarily applicable to such units that are issued to Persons contributing property in exchange therefor).

ARTICLE 6

BOOKS, RECORDS AND BANK ACCOUNTS

6.1 BOOKS AND RECORDS. At Partnership expense, the Managing General Partner shall cause to be kept (at the office of the Partnership referred to in Section 1.3.2) accurate, just and true books of account, in which shall be entered fully and accurately each and every transaction of the Partnership. The books and records of the Partnership shall separately identify, and account for, the Partnership's investment in, and the Profits, Losses, Gain or Loss or Disposition and distributions attributable to, each of the Investments, Properties and each Investment Entity. The books shall be kept in accordance with the Partnership's method of reporting for federal income tax purposes (which shall be the accrual method of accounting). Tax accounting elections, including methods of depreciation and deduction or capitalization of interest, taxes and insurance premiums during a construction period, if any, shall be made as the Mack-Cali Limited Partner shall reasonably Approve. The Partnership's financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied.

6.2 BANK ACCOUNTS. The funds of the Partnership shall be deposited in the name of the Partnership, in such bank account or accounts as the Partners shall reasonably Approve and reasonably direct from time to time. Such funds shall be invested by the Managing General Partner, or by the Mack-Cali Limited Partner at its election made by giving notice to the Managing General Partner, in such high quality, short term instruments as shall be reasonably Approved by the Partners (which may or may not bear interest as the Partners shall reasonably Approve). Each of the Managing General Partner and any Co-General Partner, unless it has become a Terminated Partner or has committed a Removal Default, shall be individual signatories on all Partnership accounts, with the signature of any such Partner or its designee being sufficient to effect withdrawals.

ARTICLE 7

TRANSFERS OF PARTNERSHIP INTERESTS

7.1 RESTRICTIONS ON TRANSFER. (a) Except as hereinafter provided, no Partner shall be permitted to Transfer all or any part of its interest in the Partnership or permit any Transfer of ownership interests in such Partner or, in the case of the Highridge Partners, in the partners, members or shareholders of such Partners (or in Persons owning, directly or indirectly through tiered entities, an interest in such Partners). Any attempted or actual Transfer shall be null and void AB INITIO and of no force and effect. Notwithstanding any other provision of this Agreement, no interest in the Partnership or ownership interest in any Partner may be pledged or hypothecated other than to its Affiliates without the Approval of the Partners.

(b) Notwithstanding the foregoing, a Partner may Transfer all or part of its interest in the Partnership, or allow the Transfer of ownership interests in such Partner or in direct or indirect the partners, members or shareholders thereof, as follows:

7.1.1 To the Partnership or another Partner or a partner, member, shareholder or Affiliate of a Partner;

7.1.2 If the proposed transferor is a natural Person, by succession or testamentary disposition upon his death;

7.1.3 If the proposed transferor is a natural Person, to a trust for the benefit of any Family Member with respect to the proposed transferor, but only if the proposed transferor retains Control of the interest so transferred;

7.1.4 Any other Transfer which is Approved by the Partners (excluding any Partner that is a Terminated Partner or who has committed a Removal Default); and

7.1.5 Ownership interests in a Highridge Partner (or in the direct or indirect partners, members or shareholders of the Highridge Partners) may be Transferred (but not pledged or hypothecated to Persons other than Affiliates of the Highridge Partners) without restriction if, at all times after such Transfer of interests: (a) John S. Long, Eugene S. Rosenfeld, Steven A. Berlinger and/or their Family Members continue to own (directly or indirectly through tiered Entities) over 50% of the interests in capital and profits of each Highridge Partner, and (b) John S. Long, Eugene S. Rosenfeld and/or Steven A. Berlinger continue to have voting control (whether directly or through tiered Entities) of each Highridge Partner with respect to Major Decisions;

7.1.6 The interests in the Partnership of the Mack-Cali Partners, and ownership interests in the Mack-Cali Partners, may be Transferred without restriction to a REIT (or other Entity) Controlled by the Mack-Cali Partners or their Affiliates or successors;

The following shall be conditions to any Transfer of any interest in the Partnership pursuant to this Article 7: (i) the transferee shall assume in writing each of the obligations of the transferor to the Partnership; (ii) such transferee shall agree in writing to be bound by each of the terms and conditions of this Agreement; (iii) the transferee shall deliver to the Partnership instruments of assumption and security reasonably Approved by the Partners other than the Partner Group making the Transfer, for the payment and performance of all obligations of or attendant to the interest so transferred and assumed; and (iv) the requirements of Sections 7.4 and 7.5 shall be satisfied.

7.2 NO TAG-ALONG RIGHTS. There shall be no right of any Partner or its Affiliates to participate in any Transfer permitted by another Partner under this Agreement.

7.3 BANKRUPTCY OR DISSOLUTION OF PARTNERS. The Bankruptcy or dissolution (without reconstitution within sixty (60) days thereafter) of any General Partner (whether or not the Managing General Partner) shall dissolve (and require the liquidation of) the Partnership, except as otherwise provided in Section 8.4. The Bankruptcy or dissolution of a Limited Partner shall not dissolve the Partnership. Upon the occurrence of a Bankruptcy or the dissolution (without reconstitution within sixty (60) days thereafter) of any Partner, such Partner shall become a Terminated Partner under Section 7.9, and the trustee in Bankruptcy, receiver or other legal representative of the Bankrupt Partner or other legal representatives of the dissolved Partner, shall have all the rights of an assignee of the Partner, including the same right (subject to the same limitations) as the Bankrupt or dissolved Partner would have had under the provisions of Section 7.1 to assign its interest in the

Partnership, subject to the substitution rules of Section 7.4 and the provisions of Section 7.9.

7.4 SUBSTITUTION OF PARTNER. Subject to the restrictions and Approval rights of the Partners as set forth in Section 7.1 and the provisions of Section 7.5, the assignee of any Transfer by a Partner (a "Partner Assignee") shall become a substitute Partner only if (i) the assignor Partner so provides in an instrument of assignment, (ii) the Partner Assignee agrees in writing to be bound by the provisions of this Agreement and of the Articles and any amendments hereto and thereto and executes and delivers a copy of this Agreement (appropriately modified to take account of the Transfer), and (iii) each Partner Approves such substitution, which Approval may be given or withheld in its reasonable discretion. If the foregoing conditions (and the other provisions of this Article 7) are satisfied, the Partner Assignee shall become a substitute Partner upon payment to the Partnership of all costs and expenses of reviewing the instrument of assignment, if appropriate, and, if required by law, an amendment to the Certificate to reflect such substitution. In such event, if and as required by law, the Managing General Partner shall prepare or cause to be prepared an amendment to the Certificate to be signed by the Managing General Partner and, to the extent required, by the Partner Assignee. The Managing General Partner shall attend to the due execution and filing of an amendment to the Certificate, if such amendment is required. Unless admitted to the Partnership as a Partner as provided in this Agreement, no Person shall be considered a Partner, and the Partnership, each Partner and any other Persons having business with the Partnership need deal only with the Partners so admitted and shall not be required to deal with any other Person by reason of an assignment or pledge by a Partner (or realization of a pledge) or by reason of the death of a Partner (the Partners hereby confirming that no pledge or

hypothecation of interests in the Partnership or interests in the Partners shall be permitted to Persons who are not Affiliates of a Partner without the Approval of the Partners). In the absence of the substitution of a Partner for a deceased Partner as provided in Section 7.1(a) or this Section 7.4, any payment to the executors, administrators or personal representatives of such deceased Partner shall acquit the Partnership of all liability with respect to such payment to any other Persons who may be interested in such payment by reason of the death of such Partner. A Partner Assignee of an interest in the Partnership who is not admitted as a substitute Partner as provided in this Section 7.4 shall be entitled to receive the economic benefits of the interest purported to be Transferred, but shall not be considered a Partner for any purposes and shall have no Approval rights under this Agreement and none of the rights of a Partner under this Agreement or under the Act.

7.5 ADDITIONAL TRANSFER RESTRICTIONS.

7.5.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the limitations in Sections 7.1 through 7.4, a Partner's ability to Transfer all or any portion of its Partnership interest, or ownership interests in such Partner, or, in the case of any Highridge Partner, to permit the Transfer of direct or indirect (through one or more intermediaries) ownership interests in such Partner relating specifically or generally to such Partner's interest in the Partnership, shall be subject to the following additional restrictions:

7.5.1.1 No Transfer of all or any portion of such interest shall be effective unless (i) such Transfer complies with the Transfer restrictions in all agreements to which the Partnership, any Investment Entity or such Partner is a party, and (ii) such interest is registered under the Securities Act and any applicable state securities laws, or an exemption from registration is available, and, for any direct Transfer of an interest in the Partnership, the Partnership shall have received an opinion of counsel, reasonably Approved by the Partners other than the Partner making the Transfer, to such effect (unless the requirement that the Partnership receive such legal opinion is waived by the Approval of the Partners other than the Partner making the Transfer);

7.5.1.2 No Partner shall be permitted to Transfer any portion of its Partnership interest or take any other action which would cause the Partnership to be (i) treated as a "publicly traded partnership" within the meaning of Code Section 7704 or (ii) classified as a corporation (or as an association taxable as a corporation) within the meaning of Code Section 7701(a);

7.5.1.3 No Partner shall be permitted to Transfer all or any portion of its Partnership interest or to take any other action (including, in the case of any Partner which is a corporation, limited liability company or partnership or a partner, member or shareholder of a partnership or limited liability company which is a Partner, a Transfer of any interest in such partnership, limited liability or corporation or in the partners, members or shareholders thereof) which would result in a termination of the Partnership as a partnership within the meaning of Code Section 708(b)(1)(B) (a "Tax Termination") unless such Partner indemnifies the other Partners against any

adverse tax consequences suffered by the Partnership as a result thereof;

7.5.1.4 Unless arrangements concerning withholding are reasonably Approved by the Partners other than the Partner making the Transfer (if such withholding is required of the Partnership), no Partner shall be permitted to Transfer all or any portion of its interest in the Partnership to any Person, unless such Person is a United States Person as defined in Code Section 7701(a)(30) and is not subject to withholding of any federal tax; and

7.5.1.5 No Partner shall be permitted to Transfer all or any portion of its Partnership interest if such Transfer will (i) cause the assets of the Partnership or any Investment Entity to be deemed to be "plan assets" under ERISA or its accompanying regulations or the Code or (ii) result in any "prohibited transaction" under ERISA or its accompanying regulations affecting the Partnership or any Investment Entity.

7.5.2 Any purported transfer or any other action taken in violation of this Section 7.5 shall be void AB INITIO.

7.6 TRANSFER INDEMNIFICATION AND CONTRIBUTION PROVISIONS.

Each Partner shall indemnify, defend and hold the Partnership and each other Partner, and the shareholders, partners, employees, agents, members and Affiliates thereof, harmless from any Liabilities in any way arising from the failure of a Transfer of any interest in the Partnership (including any Transfer of an interest in any partners, members or shareholders of the indemnifying Partner, or in the direct or indirect partners, members or shareholders therein, and regardless of whether occurring before or after the date of this Agreement) to comply with all applicable federal and state securities laws, including all registration or qualification requirements and anti-fraud requirements, or arising from the impact of such Transfer upon compliance of the Partnership and its Partners with those securities laws in connection with any previous Transfer of an interest in the Partnership. Should the preceding indemnity be unenforceable to any extent, then, to such extent the Partner otherwise required to so indemnify the Partnership and the other Partners shall be obligated to contribute to any loss, liability, cost or expense resulting from the actions, omissions or events set forth in the above indemnification to the extent of its responsibility therefor, as determined by the trier of fact.

7.7 BASIS FOR RESTRICTIONS AND REMEDIES. The Partners acknowledge that the relationship of each Partner to the other Partners is a personal relationship and that the restrictions on the power of each Partner to withdraw or Transfer its interest in the Partnership or permit the Transfer of ownership interests in such Partner (and in indirect and direct owners of the Highridge Partners), and the remedies of this Agreement, including Section 7.9 (and the purchase and redemption rights contained therein), (i) are necessary to preserve such personal relationship and safeguard the investment of the other Partners in the Partnership, (ii) were a material inducement to the other Partners entering into this Agreement, and (iii) shall be enforceable notwithstanding the Bankruptcy of any Partner or its Affiliates, or any applicable prohibition against restraints on alienation.

7.8 REPRESENTATIONS, WARRANTIES AND COVENANTS.

Each Partner hereby represents and warrants to each of the other Partners as follows:

7.8.1 Such Partner, if not a natural Person, is duly formed and validly existing under the laws of the jurisdiction of its organization with full power and authority to enter into this Agreement and to conduct its business to the extent contemplated in this Agreement;

7.8.2 This Agreement has been duly authorized, executed and delivered by such Partner and constitutes the valid and legally binding agreement of such Partner, enforceable in accordance with its terms against such Partner, except as such enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws relating to creditors' rights generally, by general equitable principles and by any implied covenant of good faith and fair dealing;

7.8.3 The execution and delivery of this Agreement by such Partner and the performance of its duties and obligations hereunder do not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate to which such Partner or any of its Affiliates is a party or by which any of them are bound or to which any of their properties are subject, or require any authorization or approval under or pursuant to any of the foregoing, or violate any statute, regulation, law, order, writ,

injunction, judgment or decree to which such Partner is subject;

7.8.4 Neither such Partner nor any of its Affiliates is in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement, or any license, permit, franchise or certificate, to which it is a party or by which it is bound or to which any of its properties are subject, nor is it in violation of any statute, regulation, law, order, writ, injunction, judgment or decree to which it is subject; but only, in each case, if such default or violation would materially and adversely affect such Partner's ability to carry out its obligations under this Agreement;

7.8.5 There is no litigation, investigation or other proceeding pending or, to the knowledge of such Partner, threatened against such Partner or any of its Affiliates which, if adversely determined, would materially and adversely affect such Partner's ability to carry out its obligations under this Agreement, and, to the knowledge of such Partner and its Affiliates, (i) there is no lawsuit pending against such Partner or its Affiliates alleging fraud against them and (ii) there is no criminal investigation or indictment pending against such Partner or its Affiliates;

7.8.6 To the knowledge of such Partner and such Partner's Affiliates, no consent, approval or authorization of, or filing, registration or qualification with, any court or

governmental authority on the part of such Partner is required for the execution and delivery of this Agreement by such Partner and the performance of its obligations and duties hereunder;

7.8.7 Such Partner is acquiring its interest in the Partnership for investment purposes and without a view toward its resale or distribution;

7.8.8 Such Partner is sophisticated in real estate transactions, has been granted access to such financial and other material information concerning the Partnership, its purchase of the initial Investments and Properties, the Initial Development Plan and all Due Diligence Materials with respect to the foregoing as it has requested or may require in connection with its investment in the Partnership, is able, either directly or through its agents and representatives, to evaluate such information and any Due Diligence Materials provided or made available to it from time to time hereunder, and is able to bear the financial risk of loss presented by an investment in the Partnership (which includes the risk of loss of such Partner's entire investment), particularly in light of the risks that would be disclosed by a detailed analysis of the Initial Development Plan and any Due Diligence Materials with respect to the initial Investments or Properties (its access to which, to the full extent such Partner has requested, hereby is confirmed by such Partner) and the fact that the initial Investments are subject to unpredictable real estate values, and the other risks of owning equity or debt investments concerning real estate;

7.8.9 Such Partner has consulted with independent counsel of its choice and recognizes that, although Battle Fowler LLP ("BFLLP") serves as special counsel to Affiliates of both Partner Groups on unrelated matters, BFLLP has not represented the Highridge Partners or their Affiliates in connection with the Partnership, is acting as the attorney for only the Mack-Cali Partners in connection with the preparation and execution of this Agreement and the formation of the Partnership and Investment Entities, and has not provided tax or other legal advice to the Highridge Partners or their Affiliates in connection therewith (the Highridge Partners and their Affiliates are relying on Mark Abramson, Esq. as their counsel in connection therewith). Each Partner hereby waives all potential conflicts of interest resulting from BFLLP's representation of Mack-Cali Partners hereunder, of the Highridge Partners (or their Affiliates) and the Mack-Cali Partners (or their Affiliates) in unrelated transactions, and resulting from BFLLP's or Mark Abramson's representation of the Partnership or any Investment Entity in the future on matters for which BFLLP or Mark Abramson is retained as counsel by the Partnership or such Investment Entity, PROVIDED, HOWEVER, that BFLLP shall not represent the Partnership, any Partner, or any Partner's Affiliates in any adversarial controversy among the Partnership, and/or any Partner or any Partner's Affiliates (and no conflict waiver has been issued with respect to such representation by BFLLP or by any Partner or its Affiliates in any such controversy);

7.8.10 Such Partner is aware that transfers of interests in the Partnership and within such Partner are subject to the restrictions set forth in Article 7 hereof and that an investment in the Partnership is a long-term investment, without liquidity;

7.8.11 Such Partner is not relying upon any of the other Partners, nor any of their Affiliates as such Partner's agent to assess the

merits or risks of this investment, and such

Partner understands that no projection of performance shall be actionable if not achieved except in the circumstances specifically set forth in this Agreement;

7.8.12 None of the other Partners is acting as the representative or agent or in any other capacity, fiduciary or otherwise, on behalf of such Partner in connection with the Partnership, any Investment Entity, the Investments or the other matters referred to in this Agreement;

7.8.13 None of the other Partners nor any of the other Partner's agents or representatives has made any binding representations, warranties, projections or assurances to such Partner with respect to the Partnership, the Investments, the performance of the Partnership and the Investments, the safety or the risks involved and/or the tax or economic consequences thereof;

7.8.14 Such Partner is aware that the other Partner and/or the other Partner's Affiliates now and in the future will be, and in the past have been, engaged in businesses which are competitive with that of the Partnership and/or the Investments, and that, no Partner or its Affiliates is required to bring any Investments opportunities to the attention of the Partnership or any Partner (or their Affiliates) for investment.

7.8.15 Such Partner is aware that compensation and reimbursements may be payable to Affiliates of the Partners by the Partnership, as addressed in this Agreement, including pursuant to the Approved Budget attached as Exhibit C;

7.8.16 Such Partner understands that the federal, state and local tax liability of such Partner with respect to the taxable income and gain allocated to such Partner hereunder for any year may exceed the cash distributions from the Partnership to such Partner and, if Tax Payment Loans are unavailable for any reason, such Partner may have to look to sources other than distributions from the Partnership to pay such tax;

7.8.17 Such Partner understands that it may lose its Approval rights (and be subject to having such Partner's interest purchased by the Partnership in certain circumstances) under Section 7.9 and the other provisions of this Agreement if the Partner becomes a Terminated Partner or has committed a Removal Default or Performance Default, and that it has waived its rights to a trial by jury in any dispute concerning this Agreement or the Partnership under Section 9.4;

7.8.18 Except as specifically provided in this Section 7.8, such Partner is not relying upon any representation or warranty of any other Partner, the Partnership, any Investment Entity or any of their respective Affiliates, express or implied, oral or written, other than those contained in this Agreement;

7.8.19 No Partner is required to cause the Controlling Persons of such Partner to devote any specific portion of their time to Partnership business other than as necessary to fulfill such Partner's obligations under this Agreement, and such Controlling Persons are

expected to spend substantial amounts of their time on activities that are unrelated to the Partnership;

7.8.20 Such Partner understands that the Partnership and its Partners are relying on the accuracy of the representations set forth in this Section 7.8 (or contained elsewhere in this Agreement) in entering into this Agreement without requiring that the interests in the Partnership be registered under federal or state securities laws;

7.8.21 With respect to the El Segundo Land, the Highridge Partners make the representations and warranties set forth on Exhibit H; and

7.8.22 Each Partner Group represents that the ownership interests in such Partner Group (and, in the case of the Highridge Partners, in the direct and indirect owners thereof through all tiered Entities) is as set forth on Exhibit E, and each of the Highridge Partners represents that the partnership agreement or operating agreement pursuant to which each of the Highridge Partners (and each of the direct and indirect, through one or more intermediaries, partners or members thereof) is operated will at all times during the term of this Agreement contain Transfer restrictions that prohibit a violation of the Transfer restrictions contained in this Agreement.

7.9 TERMINATED PARTNER; REMOVAL DEFAULTS; PERFORMANCE DEFAULTS; PURCHASE RIGHTS; CONTROL CHANGE NOTICES.

7.9.1 When a Partner becomes a Terminated Partner or is a Partner in a Partner Group in which any Partner has committed a Removal Default, such Partner shall automatically cease to have any Approval or voting rights under this Agreement with respect to the Partnership and the Investment entities (and each Property and Investment), except as provided in Section 5.1.6.1. When a Partner becomes a Terminated Partner, (i) such Partner shall cease to be a General Partner as provided in Section 7.9.5, (ii) upon the election of the Partner Group who is not the Terminated Partner (the "Electing Partner"), given by notice from the Electing Partner to the Terminated Partner (a "Purchase Notice") at any time after a Partner becomes a Terminated Partner, the Terminated Partner shall sell the Terminated Partner's entire interest in the Partnership to the Partnership (or to the Electing Partner Group or its designee as set forth in Section 7.9.4), at a price (the "Buy-Out Price") to be determined as hereinafter provided. The Electing Partner shall notify the Terminated Partner in writing of its election (exercisable at any time after a Partner becomes a Terminated Partner) under this clause (ii); and (iii) the other provisions applicable by reason of becoming a Terminated Partner (including Sections 7.9.5 and 8.1.1) shall apply.

If a Purchase Notice has been given under clause (ii) above, the Electing Partner and the Terminated Partner shall attempt to agree upon the Buy-Out Price of the Terminated Partner's entire interest in the Partnership. If such agreement is not reached within thirty (30) days after the notice of election is given, the Terminated Partner, on the one hand, and the Electing Partner, on the other hand, shall each, within ten (10) additional days, appoint an M.A.I. accredited appraiser by notice to the other. The two appraisers so appointed shall, within five (5) additional days, appoint a third M.A.I. accredited appraiser and the three

appraisers shall meet to determine the gross proceeds which would have been received by the Partnership if the Partnership and each Investment Entity sold, on the Termination Date, all of their assets (other than interests in each other) for cash at their then fair market value, less all costs and expenses of sale, including closing costs, real estate brokerage commissions and fees, title insurance premiums and escrow fees, appropriate reserves and legal and other expenses incident to such sale (the "Appraised Value"). The Appraised Value shall equal the amount determined by the three appraisers, or if there is a dispute among the three appraisers as to value, the value established by the third appraiser shall be the Appraised Value (but the Appraised Value shall not exceed the highest, or be less than the lowest, value established by the other two appraisers). The cost of such appraisal shall be borne 50% by the Electing Partner and 50% by the Terminated Partner. The Buy-Out Price shall equal (i) the amount the Terminated Partner would receive under Sections 4.1 and 4.2 if all of the assets of the Partnership and each Investment Entity (other than interests in each other) were sold to a third party for the Appraised Value and the Partnership were liquidated, after paying creditors and withholding therefrom any amounts payable by the Terminated Partner under Sections 4.3.2, 5.5.3 and 9.2 and the other provisions of this Agreement, minus (ii) in the case of a Major Default, 10% of the Buy-Out Price (determined before adjustment thereof under this clause (ii)). If the Partnership redeems the Terminated Partner, there shall be no discount in the Buy-Out Price for any encumbrances to which such redeemed interest is subject, but the Partnership shall apply the proceeds of such redemption to satisfy such encumbrances instead of making distributions thereof to the Terminated Partner to the extent required by law (such distributions being deemed for all purposes to have been made to the Terminated Partner by the Partnership and then paid by the Terminated Partner to satisfy such encumbrances). If the interest of the Terminated Partner is purchased by the Electing Partner (or its designee), and not by the Partnership, pursuant to Section 7.9.4, the Buy-Out Price for the Terminated Partner's interest as determined above shall be reduced to the extent the Electing Partner or its designee acquires the Terminated Partner's interest subject to (or assumes) the encumbrances on such interest at the closing. Within ten (10) days following the determination of the Buy-Out Price, the Electing Partner may elect, in its sole and absolute discretion, by notice to the Terminated Partner, to rescind any notice pursuant to this Section 7.9.1, in which event the right to elect to cause the Terminated Partner to sell its interest to the Partnership or to the other Partner (or its designee) pursuant to this Section 7.9.1 as a result of the event(s) which led to the Purchase Notice (but not any future event which would authorize any such notice) shall no longer be of any force or effect.

7.9.2 The purchase and sale of the Terminated Partner's interest in the Partnership pursuant to this Section 7.9 shall be consummated on or before the thirtieth (30th) day following the date upon which the Buy-Out Price was determined (whether by agreement of the Terminated Partner and the Electing Partner or by appraisal), at the offices of the Partnership, or at such other time and place as may be agreed upon by the Terminated Partner and the Electing Partner. At the closing of such purchase and sale (the "Closing Date"), the Terminated Partner shall execute and deliver to the Partnership (or the Electing Partner or its designee, as appropriate) such instruments of assignment, conveyance and transfer as the Electing Partner may reasonably deem necessary or

appropriate to consummate the purchase and sale, and the purchaser shall pay cash to the Terminated Partner in the amount of the Buy-Out Price (adjusted for encumbrances to the extent provided in Section 7.9.1).

7.9.3 Following the Closing Date, (a) the Partnership shall indemnify and hold the Terminated Partner harmless from and against all liabilities of the Partnership arising from acts taken or omitted to be taken by the Partnership after the date of the closing of the sale of the Terminated Partner's interest to the Partnership (or to the Electing Partner or its designee, as appropriate), and (b) the indemnity and liability provisions of Sections 3.5.4 and 5.5 shall continue to apply with respect to the Terminated Partner and its Affiliates.

7.9.4 The Partnership shall fund the purchase of the Terminated Partner's interest pursuant to this Section 7.9 by borrowings or, if the remaining Partner so Approves, by additional Capital Contributions from the Electing Partner, such borrowings or Capital Contributions to occur when needed to make the required payment of the Buy-Out Price. If the Electing Partner so Approves, the interest of the Terminated Partner shall be purchased by the Electing Partner (or its designee, which designee shall be admitted as a Partner hereunder simultaneously with the closing of such purchase of the Terminated Partner's interest in order to avoid a termination of the Partnership, if the remaining Partner so elects by giving notice thereof to the Terminated Partner prior to such closing).

7.9.5 (a) The Mack-Cali Limited Partner shall have the right to appoint a Co-General Partner by notice to the Highridge Partners at any time after it has issued (or simultaneously with its issuance of) a Control Change Notice to the Highridge Partners under this Section 7.9.5, and such Co-General Partner shall automatically be admitted as a general partner of the Partnership under the Act, and become a General Partner of the Partnership under this Agreement, upon the Co-General Partner and each other Mack-Cali Partner executing and delivering to all of the Partners an amendment to this Agreement pursuant to which the Co-General Partner agrees to be bound by the terms of this Agreement (such amendment need not be executed or Approved by any Highridge Partner in order to be valid). The interest in the Partnership granted to any Co-General Partner shall be as specified by notice to the Highridge Partners from the Mack-Cali Limited Partner and shall reduce the interest in the Partnership of the Mack-Cali Limited Partner accordingly. Any Co-General Partner shall be an Affiliate of the Mack-Cali Limited Partner.

At any time after the Managing General Partner has been deemed to be a Terminated Partner or to have committed a Removal Default under Section 5.9, the Mack-Cali Limited Partner may elect, effective immediately upon the Mack-Cali Limited Partner giving notice to the Highridge Partners, that the Co-General Partner shall become the Managing General Partner and shall assume the Managing General Partner's authority and responsibility in connection with the operation of the Partnership (but the Managing General Partner shall retain Approval rights to the extent set forth in Section 5.1.6.1). Such assumption shall be effective, the Managing General Partner shall cease to be the Managing General Partner and shall have its entire interest reconstituted from a General Partner's interest to that of a Limited Partner having equivalent distribution and tax allocation rights to that previously held by it as a General Partner, the Co-General Partner shall become the Managing General Partner, and the Partnership shall be reconstituted and continued and shall not dissolve, upon the later to occur of (i) five (5) Business Days after the receipt by the Managing General Partner of such notice from the Mack-Cali Limited Partner that it has elected such assumption by the Co-

General Partner pursuant to this Section 7.9.5 (together with any notice described in Section 7.9.5(b), a "Control Change Notice"), or (ii) if the Managing General Partner in good faith denies the assertion that it is a Terminated Partner or that it has committed a Removal Default by giving notice of such denial to the Mack-Cali Limited Partner within five (5) Business Days after receipt by the Managing General Partner of a Control Change Notice, the Determination Date for purposes of this Section 7.9.5, as determined pursuant to the procedure described in Section 5.9. Notwithstanding anything to the contrary contained in this Agreement, the Co-General Partner shall have the right to cause the Partnership to borrow money at any time pursuant to any loan agreement (and/or other documents entered into by the Managing General Partner and/or its Affiliates in connection with such agreement) that has been Approved by the Managing General Partner prior to the Managing General Partner becoming a Terminated Partner or being deemed to have committed a Removal Default under this Agreement, even if under such agreement (and/or such other documents), the Managing General Partner and/or its Affiliates would have personal liability with respect to the repayment of such borrowings (but the indemnity provisions of Article 5 shall continue to apply with respect to the Highridge Partners and any such borrowing).

(b) If the Managing General Partner is deemed to have committed a Performance Default with respect to a Property or Investment under Section 5.9, and the Mack-Cali Limited Partner has appointed a Co-General Partner as provided in this Section 7.9.5, such Co-General Partner shall be entitled to assume complete control over the construction, stabilization, operation and disposition of such Property or Investment. If the Mack-Cali Limited Partner has not appointed a Co-General Partner, the Mack-Cali Limited Partner shall nonetheless have the rights set forth in Section 5.10(ii) with respect to such Property or Investment. The Mack-Cali Limited Partner may give notice to the Managing General Partner at any time after it in good faith believes that the Managing General Partner has committed a Performance Default stating that it believes that such Performance Default has occurred (such notice shall constitute a "Control Change Notice" for purposes of this Agreement). The change in control described in this Section 7.9.5(b) (and the rights of the Mack-Cali Limited Partner under Section 5.10(ii) to control certain actions and decisions) shall be effective upon the later to occur of (i) five (5) Business Days after the receipt by the Managing General Partner of the Control Change Notice with respect to such Performance Default, or (ii) if the Managing General Partner in good faith denies the assertion that it has committed a Performance Default by giving notice of such denial to the Mack-Cali Limited Partner within five (5) Business Days after receipt by it of a Control Change Notice, the Determination Date for purposes of this Section 7.9.5, as determined pursuant to the procedure described in Section 5.9.

7.9.6 The Partners have agreed to the remedies contained in this Section 7.9 for the reasons set forth in Section 7.7.

ARTICLE 8

TERM, DISSOLUTION AND TERMINATION

8.1 EVENTS OF DISSOLUTION. The Partnership shall continue until DECEMBER 31, 2005, or such later date as is Approved by the Partners; PROVIDED, HOWEVER, that dissolution and liquidation shall occur prior to that date upon the occurrence of any one of the following events:

8.1.1 An election to dissolve the Partnership being made in writing by the Approval of the Partners other than any Terminated Partner or Partner who has committed a Removal Default;

8.1.2 The sale for cash, exchange or other disposition of all or substantially all of the assets of the Partnership and each Investment Entity;

8.1.3 The Bankruptcy or dissolution (without reconstitution within sixty (60) days thereafter) of any General Partner, unless the Partnership is reconstituted and continued as provided in Section 8.4; or

8.1.4 Any other event resulting in the dissolution or liquidation of the Partnership that is expressly described in this Agreement.

8.2 LIMITATION ON DISSOLUTION. Until the dissolution of the Partnership otherwise occurs, no Partner shall voluntarily retire, resign or withdraw from the Partnership, take any step voluntarily to dissolve itself or voluntarily cause a dissolution of the Partnership, except as provided in this Agreement (including Section 8.1).

8.3 LIQUIDATION AND WINDING UP.

8.3.1 If the Partnership is dissolved for any reason and is not reconstituted pursuant to Section 8.4.1, each of the Mack-Cali Limited Partner and the Managing General Partner, unless such Partner is a Terminated Partner or has committed a Removal Default (collectively, the "Liquidator") shall commence to wind up the affairs of the Partnership, to liquidate and sell the Properties and to liquidate the Investment Entities in an orderly manner as reasonably Approved by the Partners (subject to Section 5.10(i)) as soon as is practicable thereafter. A third-party liquidator may be appointed if Approved by the Partners. Any Liquidator other than the Partners shall have sufficient business expertise and competence to conduct the winding up and termination of the business of the Partnership. No Liquidator who is a Partner shall be paid any compensation or fee for conducting the liquidation of the Partnership or any Investment Entity. Notwithstanding anything to the contrary contained in this Agreement, if one Partner Group has the unilateral right (without the Approval of the other Partner Group) to cause the sale or other disposition of a Property or Investment under any provision of this Agreement, such Partner Group shall be the Liquidator with respect to such Property or Investment and may sell or otherwise dispose of such Property or Investment on such terms as shall be Approved by such Partner Group (whether during the term of the

Partnership or in liquidation), subject, however, to the restrictions on transfers of such Property or Investment to Affiliates of such Partner Group that are contained in this Agreement (including Section 5.11).

8.3.2 The Liquidator shall proceed with such liquidation in as expeditious a manner as is reasonably practicable. The holders of interests in the Partnership shall continue to share income and losses during the period of liquidation in accordance with Article 4.

8.3.3 If a Partner or an Affiliate of a Partner desires to purchase any of the Partnership's remaining assets, the price, terms and conditions of such purchase shall be subject to the Approval of the Partners and the restrictions described in this Agreement (including Section 5.11) on transactions with Affiliates.

8.3.4 Except as expressly provided in this Article 8, any Liquidator which is not a Partner shall have and may exercise all of the powers conferred upon the Managing General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers), to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during the Liquidation Period.

8.3.5 If (i) the Partnership is dissolved for any reason and is not reconstituted and continued pursuant to Section 8.4.1, (ii) all General Partners have become Bankrupt or been dissolved, and (iii) within ninety (90) days following the date of dissolution a Liquidator or successor Liquidator has not been appointed by the remaining Partners pursuant to Section 8.3.1, any interested party shall have the right to seek judicial supervision of the winding up of the Partnership pursuant to the Act.

8.3.6 After making payment or provision for payment of all debts and liabilities of the Partnership and all expenses of liquidation, the Liquidator shall establish, for a period not to exceed twelve (12) months after the date the liquidation is complete, such cash reserves as are reasonably necessary for any foreseeable, contingent or unforeseen liabilities or obligations of the Partnership, the Investment Entities or the Partners or their Affiliates with respect to the Partnership obligations.

8.3.7 After the liquidation of the Partnership or the acquisition of an Investment or Property from the Partnership by a Partner Group, the Partners and/or their Affiliates may employ Persons who previously were employed by the Partnership or an Investment Entity, PROVIDED, HOWEVER, that neither the Mack-Cali Partners nor the Highridge Partners may engage the services of any Partnership or Investment Entity employee (other than any on-site employee of a Property in which all of the interests of the Partners have been acquired by one Partner Group if such employee has no responsibilities with respect to any other Property owned by the Partnership or an Investment Entity, E.G., a day porter) except upon six months' prior notice to the other (whether within the first twelve (12) months after the liquidation of the Partnership or otherwise), and no employee of the Partnership shall render services simultaneously to the Partnership or an Investment Entity and to any Partner or its Affiliates without the Approval of both the Mack-Cali Partners and the Highridge Partners.

8.3.8 This Section 8.3.8 shall apply if Partnership assets or Investment Entity assets are sold for consideration that includes notes payable to the Partnership (or payable to an Investment Entity) or interests in a REIT, and the provisions of this Section 8.3.8 shall apply notwithstanding any other provision of this Agreement.

(a) To the extent such consideration includes notes payable, such notes payable shall, upon receipt by the Partnership or any Investment Entity, be distributed in-kind to the Partners. The Gross Asset Value of such notes at the time of such distribution shall be the principal amount payable under such notes if held to maturity. Each Partner shall have an undivided interest in such notes equal to the percentage obtained by multiplying the Gross Asset Value of such notes by a fraction whose numerator equals the amount such Partner would receive under Sections 4.1 and 4.2 if cash equal to such Gross Asset Value were paid to the Partner pursuant to such Sections as loan repayments or distributions instead of such notes, and whose denominator equals such Gross Asset Value. The Partner shall own such notes pursuant to a tenancy-in-common agreement to be reasonably Approved by the Partners at the time of such disposition (such tenancy-in-common agreement shall be prepared at Partnership expense).

(b) To the extent such consideration consists of interests in a REIT, such interests shall, upon receipt by the Partnership or any Investment Entity, be distributed in-kind to the Partners except as otherwise set forth below in Section 8.3.8(c). The Gross Asset Value of such interests at the time of such distribution ("REIT Share Value") shall be:

(i) in the case of publicly traded stock, the share

price at the time of such receipt by the Partnership multiplied by the number of shares of stock received by the Partnership;

(ii) in the case of interests that are convertible into publicly traded stock, the share price (at the time of the receipt by the Partnership of such interests) of such publicly traded stock multiplied by the number of shares of such stock into which such interests are convertible;

(iii) in the case of interests that are neither publicly traded nor convertible into publicly traded stock, the value of the property of the Partnership or Investment Entity disposed of to the REIT as set forth in the documents pursuant to which such disposition was made to the REIT (or if no such value is set forth in such documents, the fair market value of such property determined under Section 5.10(iii), such determination to be made without regard to any restrictions to which such interests are subject or any minority or liquidity discount with respect thereto).

Each Partner shall receive a distribution of such portion of the interests in the REIT equal to the percentage obtained by multiplying the aggregate REIT Share Value of all interests in the REIT that are received by the Partnership or Investment Entity by a fraction (A) whose numerator equals the amount such Partner would receive under Sections 4.1 and 4.2 if cash

equal to such aggregate REIT Share Value were paid to the Partners pursuant to such Sections as loan repayments or distributions instead of such interests in the REIT, and (B) whose denominator equals such aggregate REIT Share Value.

(c) Notwithstanding the provisions of Section 8.3.8(b), distributions of interests in a REIT shall not be required (unless otherwise Approved by the General Partners) for so long as such distribution is prohibited by the documents pursuant to which such interests were received (the Partners conducting the transaction with the REIT shall make reasonable, good faith attempts to avoid such a prohibition). If the interests in the REIT are not distributed to the Partners at the time of their receipt by reason of the operation of this Section 8.3.8(c), (I) such interests shall nevertheless be deemed to have been distributed to the Partners, for all purposes of this Agreement, at the time of their receipt by the Partnership or Investment Entity in proportion to the percentage thereof that each Partner would receive if such interests were distributed at the time receipt under Section 8.3.8(b), and (II) upon the ultimate distribution of such interests in the REIT or the proceeds from the sale or other disposition thereof by the Partnership, each Partner shall receive the percentage thereof determined pursuant to clause (I) of this Section 8.3.8(c) (regardless of the value of such interests at the time of such ultimate distribution or the amount of the proceeds from the sale or other disposition thereof).

(d) The Partners conducting the transaction with the REIT shall use reasonable good faith efforts to structure any disposition of Partnership or Investment Entity assets for notes or interests in a REIT in a manner that will facilitate compliance with this Section 8.3.8.

8.4 RECONSTITUTION AFTER BANKRUPTCY OR DISSOLUTION OF A GENERAL PARTNER.

8.4.1 Upon the Bankruptcy or dissolution (without reconstitution within sixty (60) days thereafter) of any of the General Partners, the Partnership shall be dissolved and liquidated unless within ninety (90) days subsequent to such event the remaining Partners (other than Partners in the same Partner Group as the Bankrupt General Partner) so elect, by giving notice to all Partners, to reconstitute the Partnership and to continue the business of the Partnership. If such election is made, then (i) the Partnership shall not be dissolved and liquidated; (ii) the Partnership and the business of the Partnership may be reconstituted and continued, under and pursuant to the provisions of this Agreement; (iii) the Terminated Partner's interest in the Partnership may be purchased as set forth in Section 7.9, and upon such Bankruptcy or dissolution, the other rights against a Terminated Partner under Section 7.9 shall also apply to the extent applicable; and (iv) the Certificate shall be amended to reflect such continuation.

8.5 DISTRIBUTION UPON DISSOLUTION AND CAPITAL ACCOUNT ADJUSTMENTS. Upon dissolution of the Partnership without reconstitution as permitted by this Article 8, the Partnership's assets shall be sold or otherwise disposed of to third parties as directed by the Liquidator (subject to Sections 5.10, 5.11 and 8.3.8), and, after paying or providing for liabilities owing to creditors and the establishment of such reserves as are reasonably necessary for foreseeable, contingent or unforeseen liabilities or obligations of the Partnership, the Investment Entities, or the Partners or their Affiliates with respect to Partnership or

Investment Entity obligations for a period of up to twelve (12) months after the liquidation has been completed, the remaining liquidation proceeds (and the reserves, after the expiration of a reasonable period of time of up to twelve (12) months after the liquidation has been completed) shall be distributed pursuant to Section 4.2 (subject to Section 8.3.8).

8.6 COMPLIANCE WITH TIMING REQUIREMENTS OF TREASURY REGULATIONS. Notwithstanding anything in this Article 8 to the contrary, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made to the Partners within the time required by Regulations Section 1.704-1(b)(2)(ii)(b)(2) to the extent practicable. However, a liquidation occurring as a result of a Tax Termination shall be treated as provided in Regulations Section 1.708-1(b)(1)(iv), or otherwise as required by successor Regulations, if any.

ARTICLE 9

MISCELLANEOUS

9.1 OTHER INTERESTS. No Partner and no Affiliate of a Partner shall have any right, by virtue of this Agreement or otherwise, to share or participate in or to Approve any other investments or activities of any other Partner or the income or proceeds derived therefrom. No Partner and no Affiliate of any Partner shall be obligated to offer or to bring to the attention of the Partnership, any other Partner or its Affiliates, any property or other business investment or opportunity, whether or not within the scope of the Partnership's purposes, and any Partner and any Affiliate of any Partner may at any time during the term of the Partnership own, invest in, develop or manage, directly or indirectly, any property or other business investment or opportunity, whether or not competitive with the Partnership, any Investment Entity, the Properties, the Investments or the Partnership's or any Investment Entity's other assets, and whether or not within the scope of the Partnership purposes. Each of the Partners acknowledges and agrees that each Partner and its Affiliates have engaged or invested in, are now engaged and investing in and will in the future be offered, consider, engage and/or invest in other business or real property ventures of every kind and nature, including the ownership, acquisition, financing, leasing, operating, management, syndication, brokerage and development of real property and other investments and opportunities to make or purchase loans which are competitive with the Properties and/or the Investments and the business of the Partnership and the Investment Entities, and none of the Partners or their Affiliates shall have any obligation or responsibility to disclose, account for or offer any of such real properties, investments or opportunities to the Partnership or any Partner or their Affiliates, and the Partnership, the Partners and their Affiliates shall have no rights or interests therein.

9.2 DAMAGES; CERTAIN CURE RIGHTS; OFFSET. Each Partner shall be liable to the Partnership and the other Partners for any actual (but not consequential or incidental) damages arising from any breach of this Agreement. Except as provided in Sections 2.1.2, 2.2.2.1, 3.5.4, 3.11, 4.3.2, 5.5.1, 5.5.3 or 7.6, the liability of any Partner shall be limited to such Partner's interest in the Partnership. Upon any alleged breach or default of this Agreement by any Partner, it shall be a condition to any action against such Partner that such Partner shall have received notice of such alleged breach or default (which may be any notice otherwise required by this Agreement) and that such Partner shall have failed to completely (at its expense, without right of reimbursement from the Partnership or the other Partners) cure or commence to completely cure such alleged breach or default within thirty (30) days following such notice and failed, at all times thereafter, to use diligent efforts to pursue such cure to completion, but in no event beyond ninety (90) days. Notwithstanding anything in this Agreement to the contrary, (a) there shall be no cure period for a Major Default, and (b) the only cure period for failure timely to make a Capital Contribution under Article 2 is set forth in Sections 2.2.1 and 2.2.2. Notwithstanding anything in this Agreement to the contrary, all amounts payable to a Partner under this Agreement or to a Partner or an Affiliate of a Partner under any agreement with the Partnership or an Investment Entity shall be subject to offset for amounts owed to the Partnership or the other Partners and their Affiliates by such Partner or its Affiliates under this Agreement or such agreement with such Affiliate and shall be withheld and either retained by the Partnership or reallocated to the other Partners in a reasonable manner, as the case may be. If a Partner breaches this Agreement and fails to cure such breach within the time required by this Section 9.2, the Partners of the other Partner Group may take such actions (or cause the Partnership or any Investment Entity to take such actions) as are reasonably necessary to cure such breach at the breaching Partner's expense. If the Partners have established a course of conduct of granting Approvals orally as provided in Section 1.12, no Partner will be liable for any breach of this Agreement (regardless of whether such breach is capable of being cured) if such Partner reasonably and in good faith believed that such action was consented to orally by the other Partner Group; PROVIDED, HOWEVER, that the foregoing shall not apply with respect to the

Approvals described in the last sentence of Section 1.12. Notwithstanding anything in this Agreement to the contrary, (i) no Highridge Partner shall be liable for any mistakes made by it in implementing the Development Plan for any Property that are made in good faith and do not constitute gross negligence, actual fraud or intentional misappropriation of funds and (ii) for purposes of applying Section 5.5 and this Section 9.2, a Highridge Partner shall not be liable for (or be ineligible to receive indemnification under Section 5.5 by reason of) the acts of any Affiliate of the Highridge Partners or of any employee of any Highridge Partner or their Affiliates, or be liable for (or be ineligible to receive indemnification under Section 5.5 by reason of) the acts of any Affiliate of any Highridge Partner, except to the extent that the act of such employee or Affiliate in question (A) occurred as a result of the failure of a Highridge Partner to conduct the employee and Affiliate supervision procedures to the extent required under Exhibit J or (B) occurred with the prior actual and specific knowledge of John S. Long, Eugene S. Rosenfeld or Steven A. Berlinger.

9.3 NO AGENCY. Except as provided herein, nothing herein contained shall be construed to constitute any Partner hereof the agent of any other Partner hereof or to limit in any manner the carrying on of each Partner's respective businesses or activities.

9.4 GOVERNING LAW. It is the intent of the parties hereto that all questions with respect to the construction of this Agreement and the rights and liabilities of the parties hereto shall be determined in accordance with the provisions of the laws of the State of Delaware as applicable to a limited partnership formed under the Act. The United States District Court for the Central District of California, the Superior Court for Los Angeles County, California and the United States District Court for the Eastern District of New York shall be the exclusive appropriate venues to litigate questions of interpretation under this Agreement or the rights of the parties hereunder. Each of the parties hereto hereby waives any and all rights to a trial by jury with respect to any dispute among the Partners or their Affiliates or among a Partner (or its Affiliates) and the Partnership concerning this Agreement, the Partnership, any Investment Entity or any Investment or Property. In any dispute among the Partners concerning the Partnership or this Agreement, the prevailing Partner(s) shall be entitled to recover its reasonable attorneys' fees and costs (including litigation and collection costs) from the non-prevailing Partner(s).

9.5 NOTICES. Any notices or solicitations of Approval required or permitted to be given under the terms of this Agreement shall be in writing and shall be deemed to have been given when (i) personally delivered with signed delivery receipt obtained, (ii) when transmitted by facsimile machine, if followed by a mailing thereof pursuant to this Section 9.5 before the end of the first business day thereafter, with printed confirmation of successful transmission to the facsimile number set forth in the appropriate address listed below being obtained by the sender from the sender's facsimile machine or telephonically from the addressee, or (iii) when deposited in the United States first class mail if sent postage prepaid by registered or certified mail, return receipt requested, in each case addressed as follows:

IF TO ANY OF THE MACK-CALI PARTNERS, to it in care of:

Mr. Mitchell E. Hersh
Roger W. Thomas, Esq.
Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Phone: (908) 272-8000
Fax: (908) 272-0214

with a copy to:

Battle Fowler LLP
1999 Avenue of the Stars, Suite 2700
Los Angeles, California 90067
Attn: Sanford C. Presant, Esq.
Phone: (310) 277-6625
Fax: (310) 277-6627

IF TO ANY OF THE HIGHRIDGE PARTNERS, to it in care of:

Mr. John Long
Mr. Gene Rosenfeld
Mr. Steven Berlinger
c/o Highridge Partners, Inc.
300 Continental Boulevard, Suite 360
El Segundo, California 90245

Phone: (310) 648-7600
Fax: (310) 648-7619

with a copy to:

Mark Abramson, Esq.
300 Continental Boulevard, Suite 360
El Segundo, California 90245
Phone: (310) 648-7600
Fax: (310) 648-7619

The time to respond to any notice shall commence to run on the date of delivery at the appropriate addresses (or attempted delivery if delivery is refused during normal business hours). A Partner may change the address to which notices shall be sent to it, or any of its Authorized Representatives, by written notice to all Partners (said change of address or of Authorized Representatives to be effective upon receipt by all Partners).

9.6 PRONOUNS AND PLURALS. References herein to the singular shall include the plural and to the plural shall include the singular, and references to the masculine gender shall include the feminine and neuter genders (and vice versa), except where the same shall not be appropriate.

9.7 WAIVER. No consent or waiver, express or implied, by any Partner to or of any breach or default by any other Partner in the performance by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default by the other in the performance by such other party of the same or any other obligations of such Partner hereunder. Failure on the part of any Partner to object to or complain of any act or failure to act of any other Partner or to declare any other Partner in default, irrespective of how long such failure continues, shall not constitute a waiver by such Partner of its rights hereunder.

9.8 SEVERABILITY. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

9.9 TITLES AND CAPTIONS. All Article or Section titles or captions contained in this Agreement are for convenience only and shall not be deemed a part of the content of this Agreement.

9.10 AGREEMENT IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument when taken together. In addition, this Agreement may contain more than one counterpart of the signature page and the Agreement may be executed by the affixing of the signatures of each of the Partners to one or more of such counterpart signature pages; all of such signature pages shall be read as though one, and shall have the same force and effect as though all of the signers had signed a single signature page. A Partner shall be deemed to have executed and delivered this Agreement if and when it has manually executed a counterpart signature page to this Agreement, transmitted a copy of the same by facsimile to the other Partners at such other Partner's facsimile number set forth above, and received a printed confirmation of the successful receipt thereof by such other Partner. This Agreement shall not be binding on Partners hereto unless each Partner shall have executed and delivered a copy of this Agreement to the other Partners. If this Agreement is executed and delivered by facsimile, each Partner who transmits its signature page for this Agreement by facsimile shall promptly forward a manually executed signature page to the other Partner (but a Partner's failure to do so promptly shall not affect the validity of its execution and delivery of this Agreement by facsimile transmission).

9.11 BINDING AGREEMENT. This Agreement shall inure to the benefit of and be binding upon the undersigned Partners and their respective heirs, executors, legal or personal representatives, successors and assigns. Whenever in this instrument a reference to any party or Partner is made, such reference shall be deemed to include a reference to the heirs, executors, legal or personal representatives, successors and assigns of such party or Partner.

9.12 FURTHER ASSURANCES. Each Partner shall execute and deliver such further instruments and do such further acts and things as may reasonably be required to carry out the intent and purposes of this Agreement promptly upon request from any other Partner.

9.13 WAIVER OF PARTITION. Unless otherwise specifically provided in this Agreement (including Article 8), no Partner shall, and each Partner hereby irrevocably waives the right to, either directly or indirectly, take any action to require partition or appraisement of the Partnership, any Property, any Investment, any Investment Entity, or any part thereof, and, notwithstanding any provision of applicable law to the contrary, each Partner hereby irrevocably

waives any and all right to maintain any action for partition or to compel any sale with respect to its interest in the Partnership or with respect to the assets of the Partnership or the Investment Entities, or any part thereof.

9.14 ENTIRE AGREEMENT. This Agreement contains the final and entire agreement among the parties hereto with respect to the subject matter hereof, including the Investments, and they shall not be bound by any terms, conditions, statements or representations, oral or written, with respect thereto that are not contained herein.

9.15 AMENDMENTS. Except as expressly provided in this Agreement (including Section 7.9.5), this Agreement may be modified or amended only upon the Approval of the Partners.

9.16 NO DRAFTING PRESUMPTION. In interpreting the provisions of this Agreement, no presumption shall apply against any Partner that otherwise would operate against such Partner by reason of such document having been drafted by such Partner or at the direction of such Partner or an Affiliate of such Partner.

9.17 NO THIRD-PARTY BENEFICIARIES. Except for the representations concerning conflict waivers pertaining to BFLLP in Section 7.8.9 (which shall inure to the benefit of BFLLP), the provisions of this Agreement are not intended to be for the benefit of any creditor or other Person (other than the Partners in their capacities as such) to whom any debts, liabilities or obligations are owed by (or who otherwise have a claim against or dealings with) the Partnership or the Partners, and no such creditor or other Person shall obtain any rights under any of such provisions (whether as a third-party beneficiary or otherwise) or shall by reason of any such provisions make any claim in respect to any debt, liability or obligation (or otherwise) including any debt, liability or obligation with respect to Capital Contributions, against the Partnership or the Partners. In addition, no deficit balance in any Partner's Capital Account or in the capital account of any partner or Partner of a Partner shall be an asset of the Partnership, and no Partner shall be obligated to restore any such deficit balance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement of Limited Partnership is executed, and is effective for all purposes, as of the date first set forth above.

GENERAL PARTNER:

HCG DEVELOPMENT, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management, L.L.C.,
a Delaware limited liability company

By: Highridge Management, Inc.,
a California corporation, its
Managing Member

By: ----------
Name: ----------
Title: ----------

[SIGNATURES CONTINUED ON NEXT PAGE]

LIMITED PARTNERS:

SUMMIT PARTNERS I, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management, L.L.C.,
a Delaware limited liability company,
its Manager

By: Highridge Management Inc.,
a California corporation
its Managing Member

By:

Name:

Title:

MACK-CALI CALIFORNIA DEVELOPMENT ASSOCIATES L.P.,
a California limited partnership

By: MACK-CALI SUB XXI, INC.,
a Delaware corporation, its general partner

By:

By:

Name:

Title:

EXECUTED BY EACH OF THE UNDERSIGNED
SOLELY TO CONFIRM THE PROVISIONS OF
SECTION 3.11 THAT APPLY TO HIM:

- ---
JOHN S. LONG

- ---
EUGENE S. ROSENFELD

[END OF SIGNATURES]

EXHIBIT A

DEFINED TERMS

Capitalized terms that are used in the Agreement of Limited Partnership to which this Exhibit is attached shall have the meaning set forth below in this Exhibit A:

"ABANDONMENT DECISION" is defined in Section 5.10(iv).

"ACQUISITION DOCUMENTS" means the documentation necessary to acquire any Investment or Property that has been Approved by the Partners for acquisition, including any acquisition loan documentation.

"ACT" shall mean the Delaware Revised Uniform Limited Partnership Act, as amended from time to time (Delaware Code, Title 6, Sections 17-101, ET SEQ.).

"ADJUSTED CAPITAL ACCOUNT DEFICIT" shall mean, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant tax year, after giving effect to the following adjustments:

Credit to such Capital Account any amounts which such Partner is obligated to restore or is deemed to be obligated to restore to the Partnership pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"AFFILIATE" shall mean (a) with respect to any Highridge Partner: John S. Long, Eugene S. Rosenfeld, their Family Members, the Highridge GP, the Highridge Limited Partner, and any Entity Controlled, Controlling or under common Control (directly or indirectly) by or with one or more of them and/or their Affiliates, and (b) with respect to any Mack-Cali Partner: the Mack-Cali Limited Partner, any Co-General Partner and any Entity Controlled, Controlling or under Common Control (directly or indirectly) by or with one or more of them and/or any of their Affiliates. For the purposes of this Agreement, the term "Control," or any derivative thereof (including "Controlled by" or "Controlling"), when used with respect to any specified Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, or by contract; PROVIDED, HOWEVER, that, without limiting the generality of the foregoing, (a) any Person which, together with its Affiliates, owns, directly or indirectly, securities representing more than 50% of the value or ordinary voting power of a corporation or more than 50% of the partnership, general partnership, membership or other ownership interests (based upon

value or vote) of any other Person is deemed to Control such corporation or other Person, (b) a general partner shall always be deemed to Control any partnership of which it is a general partner, and (c) a member-manager of a limited liability company shall always be deemed to Control any limited liability partnership of which it is a member- manager.

"AGREEMENT" shall mean and refer to this Agreement of Limited Partnership and all Exhibits referred to herein and attached hereto, each of which is hereby made a part hereof, as amended and in effect from time to time.

"AGREEMENT DATE" shall mean the date first written above as of which this Agreement is effective.

"ALL CASH ELECTION" is defined in Section 5.11(b).

"APPRAISAL NOTICE" is defined in Section 5.11(a).

"APPRAISAL FIRST OFFER PRICE" is defined in Section 5.11(a).

"APPRAISED VALUE" is defined in Section 7.9.

"APPROVAL" (and any variation thereof) of a Partner shall mean the prior written (or oral to the extent permitted by Section 1.12) consent or approval of such Partner, which may be granted or withheld in its sole discretion unless otherwise expressly provided to the contrary in this Agreement. Such Approval shall be valid for a Partner who is not a natural person only if given by an Authorized Representative of such Partner. Use of the term "reasonable" or "reasonably" in connection with the term "Approval" or any variation thereof or with the term "satisfactory" means that such Approval shall not be withheld or delayed unreasonably. Unless either of such terms is used in connection with the term "Approval" (or any variation thereof), such Approval may be granted or withheld in a Partner's sole discretion. If the Approval of any Partner to any action is required under this Agreement and such Partner shall not have given notice of disapproval or Approval of such action to the other Partners within ten (10) Business Days after receipt of the notice requesting that such Approval be given (or such earlier or later date as may be established pursuant to this Agreement for the giving or withholding of such Approval), such Partner shall be deemed not to have given such Approval. Except as provided in Section 5.1, the Approval of a Partner shall not be required from and after the date on which such Partner has ceased to have Approval rights under this Agreement, regardless of whether this Agreement otherwise requires the "Approval" of such Partner or the "Approval" of the Partners". The terms "Approved by the Partners" and "Approved by the General Partners" (or any variation of such terms) are defined in Section 1.12.

"APPROVED DEVELOPMENT PLAN" means a Development Plan (or supplement thereto) with respect to a Property or Investment that has been Approved by the Partners as provided in Section 5.1.3.4 of this Agreement.

"APPROVED OVERHEAD BUDGET" is defined in Section 5.1.3.1.

"APPROPRIATE SHARING RATIO" is defined in Section 3.5.4.

"AUTHORIZED REPRESENTATIVES" is defined in Section 1.12 hereof.

"BANKRUPT" shall mean, with respect to any Partner, if:

(a) such Partner, or a Person that Controls such Partner (the "Controlling Person"), shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, administrator, liquidator or the like of itself or of all or of a substantial portion of its assets, (ii) admit in writing its inability, or be generally unable or deemed unable under any applicable law, to pay its debts as such debts become due, (iii) convene a meeting of creditors for the purpose of consummating an out-of-court arrangement, or entering into a composition, extension or similar arrangement, with creditors in respect of all or a substantial portion of its debts, (iv) make a general assignment for the benefit of its creditors, (v) place itself or allow itself to be placed, voluntarily or involuntarily, under the protection of the law of any jurisdiction relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, or (vi) take any action for the purpose of effecting any of the foregoing; or

(b) a proceeding or case shall be commenced in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debts, of such Partner or a Controlling Person with respect thereto, (ii) the appointment of a trustee, receiver, custodian, administrator, liquidator or the like of such Partner or of a Controlling Person with respect thereto or of all or a substantial portion of such Partner's or such Controlling Person's assets, or (iii) similar relief in respect of such Partner or such Controlling Person under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, without the consent of the other Partner and such proceeding or case shall continue undismissed for a period of ninety (90) days, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of sixty (60) days, or an order for relief or other legal instrument of similar effect against such Partner or such Controlling Person shall be entered in an involuntary case under such law and shall continue for a period of sixty (60) days.

"BANKRUPTCY" shall mean any condition described in the definition of "Bankrupt" which renders a Partner a Bankrupt.

"BANKRUPTCY CODE" shall mean Title 11 of the United States Code, 11 U.S.C. Section 101 ET SEQ., as is now in effect or hereafter amended.

"BFLLP" is defined in Section 7.8.9.

"BORROWING MEMBER" is defined in Section 3.11.

"BUSINESS DAY" shall mean any day on which commercial banks are authorized to do business and are not required by law or executive order to close in both Los Angeles, California and New York, New York.

"BUY-OUT PRICE" is defined in Section 7.9.1.

"CAPITAL ACCOUNT" shall mean, with respect to any Partner, the book Capital Account maintained for such Partner in accordance with the provisions of Section 3.1.

"CAPITAL CONTRIBUTION" or "CAPITAL CONTRIBUTIONS" shall mean the amount of cash and the net fair market value (as reasonably Approved by the Partners) of any property contributed to the capital of the Partnership by the Partners pursuant to this Agreement. The term "Capital Contributions" with respect to a Partner shall include (i) the contributions of such Partner made pursuant to Sections 2.1 and 2.2 and any other Section of this Agreement pursuant to which Capital Contributions are deemed made by the Partners (including Section 4.1.2), and (ii) such Partner's payments that are Approved by the Partners (to the extent such Approval is required under this Agreement) which are made to third-party creditors of the Partnership with respect to Partnership obligations unless and until reimbursed by the Partnership, but only to the extent reimbursable to such Partner under this Agreement. The Capital Contribution of the Highridge Partners attributable to their contribution of the El Segundo Land is set forth in Section 2.2.2(b).

"CAPITAL EQUALIZATION DISTRIBUTION" is defined in Section 2.1.2.3.

"CAPITAL RECEIPTS" shall mean (i) the sum of (a) the proceeds received by the Partnership from the sale, exchange or any other disposition of all or any portion of any Investment (including any Partnership Interest), plus (b) all amounts received by the Partnership from any Investment Entity on account of the sale, exchange or other disposition of all or any portion of any Property, Investment or other asset owned by such Investment Entity reduced by (ii) the sum of (a) all expenditures made by the Partnership in connection with such

sale, exchange or other disposition that are required in connection with such sale, exchange or other disposition or that are reasonably Approved by the Partners, plus (b) loan repayments made from such proceeds as are required pursuant to loan documentation or otherwise Approved by the Partners, plus (c) amounts set aside as reserves therefrom that have been reasonably Approved by the Partners.

"CERTIFICATE" shall mean the Certificate of Limited Partnership of the Partnership, as filed with the Office of the Secretary of State of the State of Delaware in accordance with the Act, and as in effect from time to time.

"CLOSING DATE" is defined in Section 7.9.2.

"CODE" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time (or any corresponding provision of succeeding law).

"CO-GENERAL PARTNER" means any General Partner appointed by the Mack-Cali Limited Partner as provided in Section 7.9.5.

"CONTROL" or "Controlled by" or "Controlling", is defined in the definition of "Affiliate."

"CONTROL CHANGE NOTICE" is defined in Section 7.9.5.

"CONTROLLING PERSON" is defined in the definition of the term "Bankrupt".

"DEADLOCK" is defined in Section 5.10.

"DEADLOCK NOTICE" is defined in Section 5.10.

"DEFAULTING PARTNER" shall have the meaning set forth in Section 2.2.2.

"DEVELOPMENT PLAN" is defined in Section 5.1.3.4.

"DETERMINATION DATE" is defined in Section 5.9.

"DISCRETIONARY OUTLAYS" is defined in Section 5.1.3.2.

"DISPOSITION" is defined in the definition of "Gain or Loss on Disposition."

"DUE DATE" is defined in Section 2.2.1.

"DUE DILIGENCE MATERIALS" shall mean any documents that have been made available to the Partners under Section 5.1.6.2 in connection with acquiring and Approving Investments, including any Investment Entity's acquisition of a Property, such as lease abstracts, contracts (including service contracts and brokerage agreements), title reports, surveys, engineering and geological studies and reports, environmental investigations and reports, cost analyses, feasibility studies, financial projections, leases and other such materials relating to any Investment, Property or proposed investment by the Partnership or any Investment Entity, including the documents described on Exhibit K.

"ELECTING MEMBER(S)" is defined in Section 7.9.1.

"EL SEGUNDO LAND" is defined in Section 2.1.1(b).

"EL SEGUNDO VALUATION DATE" means the earlier to occur of (a) the sale or other disposition of the El Segundo Land Property (as developed) for a gross disposition price of at lest $55 million or (b) the Partnership receiving an appraisal for the El Segundo Land Property (as then developed) from an appraiser who has been Approved by the Partners of at least $55 million.

"EMERGENCY" shall mean an event which reasonably requires immediate action involving the expenditure of funds or other action in order to avert or mitigate significant damage to Persons or property in connection with the Partnership, any Investment Entity or any of their assets if it is not possible (after a reasonable effort) for a Partner to reach or obtain the Approval of the other Partners whose Approval to take such action otherwise would be required.

"ENTITY" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, joint-stock company, cooperative, association or other firm or any governmental or political subdivision or agency, department or instrumentality thereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"FAMILY MEMBER" with respect to an individual shall mean such individual's

present or former spouse, brothers and sisters (whether by whole or half blood), lineal ascendants or descendants or their respective spouses, or a trustee or custodian for the benefit of any of them.

"FIRST OFFER NOTICE" is defined in Section 5.11.

"FMV APPRAISAL PROCEDURE" is defined in Section 5.11.

"FMV NOTICE" is defined in Section 5.10(iv).

"FORCE MAJEURE" shall mean any act of God (including weather disturbance, earthquake, fire, mechanical failure of equipment, disease and the like), labor strike or work stoppage or slowdown, material shortages, sabotage, war, riot, moratorium, governmental action or inaction, or any other act of any third party that reasonably prevents an action from being taken through no fault of the Partner who is required to take such action or such Partner's Affiliates.

"FUNDING NOTICE" is defined in Section 2.1.2.

"FUNDING PROPORTION" shall mean the percentage set forth as such for each Partner on Exhibit B hereto.

"GAIN" OR "LOSS" ON "DISPOSITION" shall mean (i) the gain or loss (as the case may be) of the Partnership for federal income tax purposes (as computed for book purposes), arising from a sale, exchange or other taxable disposition (including casualty or condemnation) of all or a portion of any Investment (including any Partnership Interest) and (ii) the Partnership's distributive share of the gain or loss for federal income tax purposes arising from the sale, exchange or other taxable disposition of all or a portion of any of the asset of any Investment Entity. Gain or loss resulting from any disposition of Revalued Property for which there is a difference between Gross Asset Value and adjusted tax basis (as computed for tax as opposed

to book purposes) shall be computed by reference to the Gross Asset Value (as reasonably Approved by the Partners) of the property disposed of (as adjusted for book purposes from time to time).

"GAV NOTICE" is defined in Section 5.10(iii).

"GENERAL PARTNER(S)" means the Managing General Partner and any Co-General Partner for so long as such Partner shall be a General Partner under this Agreement.

"GROSS ASSET VALUE" shall mean, with respect to any asset, the adjusted basis of the asset for federal income tax purposes, adjusted as provided in Section 3.10.

"HIGHRIDGE PARTNERS" shall mean the Managing General Partner, the Highridge Limited Partner, and any other Person to whom either of them have transferred all or a portion of their interest in the Partnership pursuant to this Agreement.

"HIGHRIDGE SUBORDINATED CONTRIBUTION RETURN" shall mean an amount equal to the Mezzanine Debt Rate (expressed as a percentage) for the actual numbers of days for which the Highridge Subordinated Contribution Return is being determined, cumulative and compounded quarterly, multiplied by the Undistributed Highridge Subordinated Contributions outstanding from time to time, computed by using April 23, 1998 as the date on which Highridge Subordinated Contributions are deemed to have been made to the Partnership and using the actual dates on which distributions in repayment thereof are made from time to time to the Highridge Partners.

"HIGHRIDGE SUBORDINATED CONTRIBUTIONS" is defined in Section 2.1.1(b).

"INCLUDING" or "INCLUDING" shall mean "including, without limitation."

"INCOME TAX REGULATIONS" or "REGULATIONS" shall mean the final or temporary regulations promulgated from time to time under the Code or, if no final or temporary regulations with respect to a tax issue then are in effect, proposed regulations then in effect if reasonably Approved by the Partners, and administrative and judicial interpretations thereof.

"INDEPENDENT TAX COUNSEL" shall mean a nationally recognized tax counsel reasonably Approved by the Partners that is capable of advising the Partnership with respect to specified tax matters.

"INITIAL DEVELOPMENT PLAN" is defined in Section 5.1.3.4.

"INVESTED CAPITAL" with respect to each Partner shall mean the aggregate of all Capital Contributions made from time to time to the Partnership by such Partner other than the Highridge Subordinated Contributions, reduced by the aggregate of all distributions previously made (or deemed made) to such Partner

pursuant to Section 4.1.1(c) in repayment of the Invested Capital of such Partner.

"INVESTMENT ENTITY" is defined in Section 1.5.1.

"INVESTMENT ENTITY AGREEMENT" shall mean, individually or collectively, the operating agreement or limited partnership agreement pursuant to which each Investment Entity is formed and operated, as in effect from time to time, with such changes therein as may be Approved by the Partners.

"INVESTMENT ENTITY TAX LOAN" is defined in Section 3.11.

"INVESTMENTS" is defined in Section 1.5.2.

"INVOKING PARTNER" is defined in Section 5.10(iii).

"LIABILITIES" is defined in Section 5.5.3.

"LIQUIDATOR" is defined in Section 8.3.

"MACK-CALI LIMITED PARTNER" is defined in the Heading to this Agreement.

"MACK-CALI PARTNERS" shall mean the Mack-Cali Limited Partner, any Co-General Partner, and any other Person to whom any of them have transferred all or a portion of their interest in the Partnership pursuant to this Agreement.

"MACK-CALI REALTY" means Mack-Cali Realty Corporation.

"MACK-CALI SALE RIGHT" is defined in Section 5.10(iv).

"MAJOR DECISIONS" is defined in Section 5.1.5.

"MAJOR DEFAULT NOTICE" is defined in Section 5.9.

"MAJOR DEFAULT" means, with respect to a Partner, that such Partner or any of such Partner's Affiliates has engaged in actual fraud with respect to the Partnership, an investment Entity, any Investment or any Property or has intentionally misappropriated Partnership or Investment Entity Funds.

"MANAGING GENERAL PARTNER" is defined in the Heading to this Agreement.

"MANAGING GENERAL PARTNER GUARANTIES" is defined in Section 3.5.4.

"MANAGING GENERAL PARTNER SALE RIGHT" is defined in Section 5.10(iv).

"MANAGEMENT AGREEMENT" is defined in Section 5.2(b).

"MATERIAL" (and any variation thereof) is defined in Section 5.1.1.10.

"MAXIMUM TAX RATE" shall mean the highest combined effective maximum tax rate in effect from time to time with respect to any Partner (based on the assumption that individual rates apply to such Partner) for federal, state and local income tax purposes, computed by taking into account the tax savings resulting from the deductibility of state and local income taxes to the extent permitted for federal purposes and taking into account the tax on self-employment income (also based on the assumption that each Member is an individual taxpayer). The Maximum Tax Rate shall be computed by the Partnership's accountants at the Borrowing Partners' expense whenever the Maximum Tax Rate needs to be determined under Section 3.11.

"MEZZANINE DEBT RATE" shall mean (i) fifteen percent (15%) per annum unless and until the Partnership or an Investment Entity obtains any Third Party Mezzanine Financing with respect to the El Segundo Land, and (ii) from and after such obtaining of such Third Party Mezzanine Financing, the interest rate in effect from time to time on such Third Party Mezzanine Financing.

"NET AVAILABLE CASH," with respect to any period, shall mean (i) the sum of all cash receipts of the Partnership during such period from all sources (including Capital Contributions, cash on hand at the beginning of such period to the extent not held in reserves, distributions from the Investment Entities and any funds released during such period from cash reserves previously established), minus (ii) the sum of (a) Capital Receipts, (b) Net Mortgage Proceeds, (c) Operating Costs, and (d) any Investment Entity Tax Loans, for such period.

"NET MORTGAGE PROCEEDS" shall mean (i) the sum of (a) the proceeds of any loan made to the Partnership and the proceeds from refinancing any such loan, plus (b) any amount released from cash escrow accounts established under any

loan to the Partnership, plus (c) the proceeds received by the Partnership from any Investment Entity on account of any loan made to such Investment Entity and the proceeds from refinancing any such loan received from any Investment Entity, other than Investment Entity Tax Loans, reduced by (ii) the sum of (a) any amounts required to fund the Partnership's expenditures that are reasonably Approved by the Partners or that are otherwise permitted to be withheld from such amounts for such purpose under this Agreement, (b) any and all expenses incurred by the Partnership in connection with such loan or refinancing that are reasonably Approved by the Partners, (c) amounts used as permitted under this Agreement to repay other indebtedness of the Partnership, plus (d) amounts thereof retained as reserves under this Agreement for Shortfall Disbursements by the Partnership (such reserves to be reasonably Approved by the Partners).

"95% STABILIZATION" shall mean, with respect to a Property, the date on which completion of such Property has occurred and binding leases for at least 95% of the leaseable space in such Property have been entered into for which either (i) rent payments have commenced or (ii) all required building permits with respect to such lease have been obtained, to the knowledge of the Highridge Partners (as defined in Exhibit H), the tenant improvements required to be made under such lease that are a condition precedent to the commencement of rent payments under such lease ("Required Tenant Improvements") can be completed within six months, and rent payments will commence within six months if all Required Tenant Improvements were made before the expiration of such six-month period.

"NON-DEFAULTING MEMBER" is defined in Section 2.2.2.

"NON-DISCRETIONARY ITEMS" shall mean expenditures payable by the Partnership or any Investment Entity for increases over the amount set forth in the Partnership's most recent Approved Budget for the following items, but only to the extent not reasonably anticipated at the time such Approved Budget was submitted to the Partners for Approval under Section 5.1.3.1: taxes (including real estate taxes, but excluding any Partner's tax liability), utilities, bonding costs, insurance (including earthquake insurance, and insurance described under Section 5.1.1 to the extent provided therein), debt service and expenses or other amounts required to be paid by the Partnership or any Investment Entity under contracts or agreements of the Partnership or any Investment Entity that have been Approved by the Partners(or are permitted to be entered into without such Approval).

"NONRECOURSE DEDUCTIONS" is defined in Section 3.5.6.

"NONRECOURSE LIABILITY" is defined in Section 3.5.6.

"NON-VOTING PARTNER" is defined in Section 5.1.6.1.

"OPERATING COSTS" for a period shall mean the sum of (i) all cash expenditures of the Partnership (which expenditures shall be subject to the Approved Budget limitations of Section 5.1.3) made during such period for current costs and expenses (except to the extent constituting a reduction in computing Net Mortgage Proceeds or Capital Receipts for such period), including acquisition costs of the Investments (including the Partnership Interests), due diligence expenditures, payments of interest and principal or other monetary obligations due under any loan made to the Partnership; accounting, legal and auditing fees; taxes payable by the Partnership; public or private utility charges; sales, use, payroll taxes and withholding taxes related thereto; and all other advertising, management, leasing, government approval, and other operating, construction and development costs, expenses and capital expenditures (including fees of land use consultants, engineers, architects, municipal development fees, bond costs and the like) actually paid with respect to the Investments or the Partnership's business generally (subject to the Approved Budget limitations of Section 5.1.3) or reimbursed or paid to Partners (including Overhead Payments), plus (ii) such reserves established from time to time during such period upon the reasonable Approval of the Partners (except to the extent constituting a reduction in computing Net Mortgage Proceeds or Capital Receipts for such period), plus (iii) any amounts contributed by the Partnership to any Investment Entity pursuant to the applicable Investment Entity Agreement during such period (whether pursuant to Section 2.5 or otherwise).

"OTHER PARTNER" is defined in Section 5.10(iii).

"OVERHEAD PAYMENTS" is defined in Section 5.1.3.1.

"PARTNER ASSIGNEE" is defined in Section 7.4.

"PARTNER GROUP" means either (a) the Highridge Partners or (b) the Mack-Cali Partners (there are two Partner Groups).

"PARTNER NONRECOURSE DEBT" is defined in Section 3.5.6 hereof.

"PARTNER NONRECOURSE DEBT MINIMUM GAIN" is defined in Section 3.5.6 hereof.

"PARTNERS" shall mean the Managing General Partner, the Highridge Limited Partner, the Mack-Cali Limited Partner and any Co-General Partner admitted as such pursuant to this Agreement (each a "Partner"), in their respective capacities as Partners, and any of their successors in their respective capacities as Partners admitted to the Partnership as Partners hereunder, and any other Person admitted as a Partner under this Agreement, for so long as any such Person is a Partner under the terms of this Agreement.

"PARTNER NONRECOURSE DEDUCTIONS" is defined in Section 3.5.6 hereof.

"PARTNERSHIP" shall mean HPMC Development Partners, L.P., a Delaware limited Partnership formed under the Act and operated pursuant to this Agreement.

"PARTNERSHIP ACCOUNTING YEAR" shall mean and refer to the accounting year of the Partnership ending on December 31 of each calendar year or such shorter fiscal period during such year for which a relevant determination is being made under this Agreement.

"PARTNERSHIP INTEREST" shall mean the interest in any Investment Entity acquired by the Partnership, as in effect from time to time under the applicable Investment Entity Agreement.

"PARTNERSHIP MINIMUM GAIN" is defined in Section 3.5.6 hereof.

"PERFORMANCE DEFAULT" with respect to the Managing General Partner and its Affiliates shall be deemed to have occurred (subject to Section 5.9) with respect to a Property or Investment if (a) the Managing General Partner shall have failed to cause compliance with any Approved Development Plan with respect to such Property or Investment in any Material respect for any reason other than Force Majeure, or (b) if a Highridge Partner or an Affiliate of any Highridge Partner has breached the provisions of any agreement entered into between such Person and the Partnership or any Investment Entity and has failed to cure such breach within the time required by such agreement (but this clause (b) shall apply with respect to a Property or Investment only if such breach was not willful and therefore does not constitute a Removal Default for which separate remedies are provided elsewhere in this Agreement).

"PERSON" shall mean any individual or Entity.

"PREFERRED RETURN" shall mean an amount equal to ten percent (10%) per annum, on a calendar year basis, for the actual number of days for which the Preferred Return is being determined, cumulative and compounded quarterly, multiplied by the Invested Capital of each of the Partners outstanding from time to time, computed by using April 23, 1998 as the date which the Section 2.1.1 Contributions of the Partners shown on Exhibit B were made by the

Partners, the actual dates on which a Partner's Capital Contributions (other than such Section 2.1.1 Contributions and the Highridge Subordinated Contributions) are made to the Partnership from time to time (if any), and using the actual dates on which distributions are made (or deemed made) to such Partner pursuant to Section 4.1.1(c).

"PRIME RATE" shall mean the so-called "Reference Rate" announced by Bank of America N.T.&S.A. at Los Angeles, California, from time to time.

"PROFIT" OR "LOSS" shall mean, for each Partnership Accounting Year, an amount equal to the Partnership's net taxable income or loss (as computed for book purposes) for such Accounting Year (determined without regard to any items of income, gain or deduction, as computed for book purposes, taken into account in computing the Partnership's Gain or Loss on Disposition for such Accounting Year), determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction, as computed for book purposes, required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing such taxable income or loss), including the Partnership's allocated share thereof from any Investment Entity, with the following adjustments:

Any income of the Partnership that is exempt from federal income tax and is not otherwise taken into account in computing Profit or Loss shall be added to such taxable income or loss (as computed for book purposes);

In the event the agreed fair market value of any Partnership asset is adjusted pursuant to Regulations Section 1.704-1(b)(2)(iv)(f) or other pertinent sections of such Regulations, the amount of such adjustment shall be taken into account as Gain or Loss on Disposition of such asset for purposes of computing Profit or Loss; and in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss,

there shall be taken into account depreciation, amortization or other cost recovery computed with reference to Gross Asset Value of Partnership property reasonably Approved by the Partners (subject to Section 5.10(iii)) (if different from its adjusted tax basis) pursuant to Regulations Section 1.704-1(b)(2)(iv)(g) for such Partnership Accounting Year; and

Notwithstanding any other provisions, any items which are specially allocated pursuant to Sections 3.3, 3.4, 3.5, 3.6 and 3.9 shall not be taken into account in computing Profit or Loss.

"PROPERTIES" is defined in Section 1.5.1.

"PROPERTY DEADLOCK" is defined in Section 5.11(a).

"PROPONENT GROUP" is defined in Section 5.11(a).

"PROPONENT GROUP FIRST OFFER PRICE" is defined in Section 5.11(a).

"PROPONENT GROUP INTEREST PURCHASE PRICE" is defined in Section 5.11(a).

"PURCHASE NOTICE" is defined in Section 7.9.1.

"RECONTRIBUTING MEMBER" is defined in Section 3.5.4.

"REGULATIONS" is defined in the definition of "Income Tax Regulations."

"REIT" is defined in Section 5.1.1.2.

"REIT SHARE VALUE" is defined in Section 8.3.8.

"REQUIRED ADDITIONAL CONTRIBUTIONS" is defined in Section 2.1.2.

"REMOVAL DEFAULT" means, with respect to the Managing General Partner, that such Partner or any of such Partner's Affiliates has committed gross negligence with respect to the Partnership, an Investment Entity, an Investment or a Property, or has willfully breached the provisions of this Agreement, any Investment Entity Agreement or any other agreement entered into between such Person and the Partnership or any Investment Entity, in each case if the same is not cured within the time required by Section 9.2 of this Agreement, such Investment Entity Agreement, or such other agreement (as applicable).

"RESIDUAL PERCENTAGE" of a Partner as of any relevant time shall mean the Residual Percentage set forth on Exhibit B for such Partner.

"RESPONDENT GROUP" is defined in Section 5.11(a).

"RESPONDENT GROUP INTEREST PURCHASE PRICE" is defined in Section 5.11(a).

"REVALUED PROPERTY" is defined in Section 3.5.3.2, and includes the El Segundo Land.

"SECTION 2.2.1 CONTRIBUTION" is defined in Section 2.2.1.

"SHORTFALL" is defined in Section 2.1.2.

"SUBSEQUENT DEVELOPMENT PLAN" is defined in Section 5.1.3.4.

"SUMMIT RIDGE LAND" shall mean that certain parcel of real property that is described on Exhibit D-2 (including improvements thereon) that is to be acquired by purchase by the Partnership (or an Investment Entity formed by the Partnership) from a seller who is not an Affiliate of any Partner.

"TAX MATTERS PARTNER" is defined in Section 5.4 (which references the Code).

"TAX PAYMENT LOAN" is defined in Section 3.11.

"TAX TERMINATION" is defined in Section 7.5.1.3.

"TERMINATED PARTNER" shall mean (i) any Partner that has failed to make a Capital Contribution when required and who has become a Defaulting Partner by reason thereof under Section 2.2.2, (ii) any Partner that becomes Bankrupt, (iii) any Partner which has been dissolved (and has not been reconstituted within sixty (60) days thereafter) or, if an individual, who has died, (iv) any Partner which has committed a Major Default or (v) any Partner who has breached the restrictions on Transfer of its interest in the Partnership contained in Article 7. If any Partner in a Partner Group is a Terminated Partner, all Partners in such Partner Group shall also be deemed to be Terminated Partners, and shall be subject to all of the remedies applicable against a Terminated

Partner under this Agreement, including the loss of its Approval rights and the obligation to sell its interest in the Partnership as provided in Section 7.9.

"TERMINATION DATE" shall mean the date upon which a Partner became a Terminated Partner.

"THIRD PARTY MEZZANINE FINANCING" with respect to a Property means that portion of the Partnership's or Investment Entity's financing with respect to such Property which, when added to the Partnership's conventional financing with respect to such Property, will cause such Property to be 85% financed with debt.

"TRANSFER" shall mean (i) the issuance, transfer, sale, gift, grant, conveyance, assignment, encumbrance, pledge, hypothecation or redemption, directly or indirectly, of any equity ownership interest (whether stock, general partnership interest, partnership interest, membership interest or otherwise) in the Partnership or in any Person holding a direct (or indirect through tiered Entities) interest in the Partnership, or the merger or consolidation of any such Person into or with another Person, as the case may be; and (ii) the execution and delivery by any Person holding a direct (or indirect through tiered Entities) interest in the Partnership of a contract of sale, option or other agreement providing for any of the foregoing.

"UNDISTRIBUTED HIGHRIDGE SUBORDINATED CONTRIBUTIONS" shall mean the Highridge Subordinated Contributions less distributions previously made (or deemed made) to the Highridge Partners under Section 4.1.1(e) and 4.1.2 (to the extent deemed Undistributed to repay Highridge Subordinated Contributions under Section 4.1.2).

"UNDISTRIBUTED HIGHRIDGE SUBORDINATED RETURN" means an amount equal to the Highridge Subordinated Contribution Return accrued to the date the Undistributed Highridge Subordinated Return is being determined, less all distributions made (or deemed made) to the Highridge Partners pursuant to Sections 4.1.1(d) and 4.1.2 (to the extent deemed to pay Undistributed Highridge Subordinated Return under Section 4.1.2).

"UNDISTRIBUTED PREFERRED RETURN" with respect to a Partner means an amount equal to the Preferred Return of each Partner accrued to the date the Undistributed Preferred Return is being determined, less all distributions made (or deemed made) to such Partner pursuant to Sections 4.1.1(a) and (b).

"UNREIMBURSED PAYMENTS" is defined in Section 3.5.4.

EXHIBIT B

FUNDING PROPORTIONS, SECTION 2.1.1 CONTRIBUTIONS AND RESIDUAL PERCENTAGES

Partner	Section 2.1.1 Contributions (Cash)	Funding Proportion	Residual Percentage
Highridge GP	$ 50,000	1%	1%
Highridge Limited Partner	$ 950,000	19%	49%
Mack-Cali Limited Partner	$19,200,000	80%	50%
Total	$20,200,000	100%	100%

Partner	Section 2.1.1 Contributions (Agreed Value of El Segundo Land) — Invested Capital	Section 2.1.1 Contributions (Agreed Value of El Segundo Land) — Highridge Subordinated Contributions
Highridge GP	$ 350,000	$ 100,000
Highridge Limited Partner	6,650,000	1,900,000
Totals	$7,000,000	$ 2,000,000

Note: The Section 2.1.1 Contributions shown on this Exhibit B are deemed contributed to the Partnership as of April 23, 1998. All additional Capital Contributions shall be made only as provided in the

Partnership Agreement.

EXHIBIT C

INITIAL DEVELOPMENT PLAN
(INCLUDING APPROVED BUDGET AND APPROVED OVERHEAD BUDGET)
FOR THE EL SEGUNDO LAND AND
THE SUMMIT RIDGE (CARROLL MESA) LAND

For purposes of this Agreement, the Partners confirm that the Development Plan (including the Approved Budget and Approved Overhead budget) for each of the El Segundo Land and the Summit Ridge (Carroll Mesa) Land shall be the document having such title that has been separately delivered and Approved in writing by the Partners as of even date herewith.

EXHIBIT D-1

LEGAL DESCRIPTION OF THE EL SEGUNDO LAND

[BEGINS NEXT PAGE]

EXHIBIT D-2

LEGAL DESCRIPTION OF THE SUMMIT RIDGE (CARROLL MESA) LAND

[BEGINS NEXT PAGE]

EXHIBIT E

OWNERSHIP OF PARTNERS

Partner	Members or Partners	% Capital Interest	% Profits Interest

Highridge GP	_____*	_____%	_____%
	_____	_____%	_____%
	_____	_____%	_____%
	_____	_____%	_____%
Highridge Limited Partner	_____*	_____%	_____%
	_____	_____%	_____%
	_____	_____%	_____%
	_____	_____%	_____%
Mack-Cali Limited Partner	General Partner: Mack-Cali Sub XXI, Inc., a Delaware corporation and Limited Partner: Mack-Cali Realty, L.P., a Delaware limited partnership (both Controlled by Mack-Cali Realty Corporation)	Aggregate 100%	Aggregate 100%

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- - SEE CHART ATTACHED AS EXHIBIT E-2 (BEGINS NEXT PAGE).

EXHIBIT F

[INTENTIONALLY OMITTED]

EXHIBIT G

CLAIMS AND ENCUMBRANCES
ON EL SEGUNDO LAND
(INCLUDING ENVIRONMENTAL)

None except those listed or described in the Title Report and Survey or the Environmental Reports (as such terms are defined in Exhibit H)

EXHIBIT H

EL SEGUNDO LAND
REPRESENTATIONS AND WARRANTIES

In order to induce the Mack-Cali Limited Partner to enter into the Partnership Agreement to which this Exhibit H is attached, each of the Highridge Partners hereby represents and warrants the following with respect to the El Segundo Land as of the date of the execution and delivery of this Agreement and the Contribution of the El Segundo Land to the Partnership under this Agreement (the term "knowledge" as used in this Exhibit H with respect to the Highridge Partners means the actual and specific knowledge of any of John S. Long, Eugene S. Rosenfeld, Steven A. Berlinger or Jack Mahoney):

(a) Immediately prior to their contribution of the El Segundo Land to the Partnership pursuant to this Agreement, the Highridge Partners owned good and marketable title to (and owned all of the ownership interests in) the El Segundo Land, subject only to the matters shown on Exhibit G and the title report and survey with respect to the El Segundo Land that were furnished by the Highridge Partners to the Mack-Cali Limited Partner prior to executing this Agreement, and any updates thereof (the "Title Report and Survey");

(b) Upon the execution and delivery of this Agreement by all of the parties hereto, the Highridge Partners or their Affiliates will have no remaining ownership interest in, or rights with respect to, the El Segundo Land except for the indirect interest of the Highridge Partners therein as the owners of interests as Partners in the Partnership;

(c) None of the Highridge Partners has assigned, pledged or otherwise hypothecated or encumbered its ownership interests in the El Segundo Land prior to the contribution of the El Segundo Land to the Partnership, and none of the Highridge Partners has knowledge of any claims or encumbrances that are pending with respect to the El Segundo Land other than those set forth on Exhibit G, the Title Report and Survey or the Environmental Reports (defined in paragraph (e) of this Exhibit H);

(d) The adjusted tax basis of the El Segundo Land of each of the Highridge Partners at the date of their contribution of the El Segundo Land to the Partnership is as set forth in the schedule that has been (or shall be, within ten Business Days after the execution of this Agreement) provided to the Mack-Cali Partners by the Highridge Partners, and such amount is the correct amount to be credited to the Highridge Partners' tax capital accounts referred to in Section 3.5.3.2 with respect to their contribution of the El Segundo Land;

(e) To the knowledge of the Highridge Partners, there are no actions, suits, labor disputes, litigation or proceedings currently pending or threatened against or related to all or any part of the El Segundo Land, the environmental condition thereof, or the operation thereof, except as set forth on Exhibit G, the Title Report and Survey or the Phase I environmental survey and materials prepared in connection therewith that have been furnished

to the Mack-Cali Limited Partner by the Highridge Partners prior to the execution of this Agreement that are listed on Exhibit K (collectively, the "Environmental Reports");

(f) The Highridge Partners have provided the Mack-Cali Limited Partner with the documentation and materials concerning the El Segundo Land that are set forth on Exhibit K, and such documentation and materials are true copies of such documentation and materials;

(g) To the knowledge of the Highridge Partners, (i) there are no notices, suits, investigations or judgments relating to any violations (including, without limitation, Environmental Laws, as defined in paragraph (k) of this Exhibit H, of any laws, ordinances or regulations affecting the El Segundo Land, (ii) no 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 El Segundo Land or the management, operation, use or improvement thereof (collectively, the "GOVERNMENTAL AUTHORITIES") is contemplating the issuance thereof, and (iii) there are no outstanding orders, judgments, injunctions, decrees, directives or writ of any Governmental Authorities against or involving the El Segundo Land;

(h) To the knowledge of the Highridge Partners, there are no recorded leases (except as disclosed on the Title Report and Survey) or unrecorded leases of any portion of the El Segundo Land;

(i) To the knowledge of the Highridge Partners, the Investment Entity that will own the El Segundo Land (and/or the Partnership) has, or will be able to obtain, all permits, licenses and approvals of all Governmental Authorities (as defined in paragraph (g) of this Exhibit H) as are necessary to develop the El Segundo Land with an office building as contemplated by the Approved Development Plan with respect to the El Segundo Land that is described in Exhibit C;

(j) Except as disclosed on Exhibit G or in the Environmental Reports, and to the knowledge of the Highridge Partners:

(i) There are no Contaminants (as defined in paragraph (k) of this Exhibit H) on, under, at, emanating from or affecting the El Segundo Land, except those in compliance with all applicable Environmental Laws (as defined in paragraph (k) of this Exhibit H);

(ii) Neither any of the Highridge Partners or their Affiliates nor any current occupant, nor any prior owner or occupant, of the El Segundo Land has received any Notice (as defined in paragraph (k) of this Exhibit H) or advice from any Governmental Authority (as defined in paragraph (g) of this Exhibit H) or any other third party with respect to Contaminants on, under, at, emanating from or affecting the El Segundo Land, and no Contaminants have been Discharged (as defined in this Exhibit H) which would allow a Governmental Authority to demand that a cleanup be undertaken;

(iii) No portion of the El Segundo Land has ever been used by any of the Highridge Partners or their Affiliates or any former owner or current or former occupant to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other third party with respect thereto;

(iv) None of the Highridge Partners or their Affiliates has transported any Contaminants, and no current or former occupant or former owner has transported any Contaminants, from the El Segundo Land to another location which was not done in compliance with all applicable Environmental Laws;

(v) No Section 104(e) informational request has been received by any of the Highridge Partners or their Affiliates that has been issued pursuant to CERCLA (as defined in this Exhibit H);

(vi) There is no asbestos or asbestos containing material in any friable state or otherwise in violation of Environmental Laws on the El Segundo Land;

(vii) There are no transformers and capacitators containing polychlorinated biphenyls ("PCBS"), or any "PCB Items," as defined in 40 C.F.R. Section 761.3, located on or affecting the El Segundo Land (or if present, they are present in compliance with all Environmental Laws);

(viii) There are no above ground storage tanks or Underground Storage Tanks (as defined in this Exhibit H) at the El Segundo Land, regardless of whether such tanks are regulated tanks or not;

(ix) All pre-existing above ground storage tanks and Underground Storage Tanks at the El Segundo Land have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(x) The El Segundo Land has not been used as a transfer station, incinerator, resource or recovery facility, landfill or other similar facility, for receiving or treating, storing or disposing of Contaminants, garbage and refuse, and other discarded materials resulting from, without limitation, industrial, commercial, agricultural, domestic or community activities, including, without limitation, sanitary, hazardous, medical, special or other waste or as a sanitary landfill facility as defined in 42 U.S.C. Section 6903(26);

(xi) The Highridge Partners and each occupant of the El Segundo Land have all environmental certificates, licenses and permits ("PERMITS") required to operate the El Segundo Land 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) The El Segundo Land is not subject to any statutory land use regulation, including, without limitation, wetlands regulations, administered by the United

States of America, Army Corps of Engineers, the U.S. Environmental Protection

Agency or any other Governmental Authority;

(xiii) Except as provided in the Title Report and Survey or in the Environmental Reports, there are no federal or state liens as referred to under CERCLA or Cal. Water Code Section 13305, Cal. Health & Safety Code Section 25365.6, or any other applicable Environmental Laws that have attached to the El Segundo Land;

(xiv) The El Segundo Land is in compliance with the warning requirements and discharge prohibitions of the California Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), Cal. Health & Safety Code Section 25249.5 ET SEQ.;

(xv) None of the Highridge Partners or their Affiliates has engaged in or has permitted any occupant to engage in any activity on the El Segundo Land in violation of Environmental Laws; and

(xvi) The El Segundo Land is in material compliance with Environmental Laws; and

(k) The following terms shall have the following meanings when used in this Exhibit H:

(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 California Hazardous Substance Account Act (Health & Safety Code Section 25300 et seq.); Chapter 6.5 of Division 20 of the Health and Safety Code (Section 25100 et seq.), entitled "Hazardous Waste Control," the Oil Spill Prevention and Response Act (Government Code Section 8574.1 et seq. and Public Resources Code Sections 13000 et seq.); the Porter-Cologne Water Quality Control Act (Water Code Sections 8750 et seq.); the California Clean Air Act (Health & Safety Code Sections 39000 et seq.); Chapter 6.95 of Division 20 of the Health and Safety Code (Sections 25500 et seq.), entitled "Hazardous Materials Release Response Plans and Inventory," Proposition 65, as defined above, the "Tanks Laws" as defined below; the Resource Conservation and Recovery Act, AS AMENDED, 42 U.S.C. Section 6901 ET SEQ.; the Comprehensive Environmental Response, Compensation and Liability Act, AS AMENDED, 42 U.S.C. Section 9601 ET SEQ. ("CERCLA"); the Water Pollution and Control Act, 33 U.S.C. Section 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, lead-based paint, 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 El Segundo Land, 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 El Segundo Land, 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" is defined in paragraph (g) of this Exhibit H.

(vi) "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.

(vii) "Tank Laws" shall mean Cal. Health & Safety Code Section 25280 ET SEQ., the federal underground storage tank law (Subtitle I) of

the Resource Conservation and Recovery Act, AS AMENDED, 42 U.S.C. Section 6901 ET SEQ., and any other applicable state, county or municipal statute, ordinance, code, rule or regulation applicable to underground or above ground tanks, together with any amendments thereto, regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

(viii) "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.

EXHIBIT I

[INTENTIONALLY OMITTED]

EXHIBIT J

PROCEDURES FOR SUPERVISING
EMPLOYEE AND AFFILIATE COMPLIANCE

THE HIGHRIDGE PARTNERS SHALL BE RESPONSIBLE FOR THE FOLLOWING IN CONNECTION WITH THE WORK TO BE PERFORMED FOR THE PARTNERSHIP AND THE INVESTMENT ENTITIES BY AFFILIATES OF THE HIGHRIDGE PARTNERS AND THEIR EMPLOYEES:

1. JOHN S. LONG ("LONG"), EUGENE S. ROSENFELD ("ESR") AND/OR STEVEN A. BERLINGER ("SAB"), OR AN OFFICER OF HIGHRIDGE PARTNERS APPOINTED BY THEM SHALL, ON A MONTHLY BASIS, REVIEW THE BUDGETS, CASH FLOW SUMMARIES, LEASING SUMMARIES (OR STATUS REPORTS) AND CONSTRUCTION OR DEVELOPMENT STATUS REPORTS AND GENERALLY CONDUCT MONTHLY (OR MORE FREQUENTLY AS REQUIRED) MEETINGS WITH ALL HIGHRIDGE PARTNERS' AND THEIR AFFILIATES' SUPERVISORY EMPLOYEES (JACK MAHONEY AND KEN WHITE UNLESS AND UNTIL CHANGED BY THE HIGHRIDGE PARTNERS UPON NOTICE TO THE MACK-CALI LIMITED PARTNER) WORKING ON THE PROPERTIES TO ASCERTAIN THE STATUS OF THE PROPERTIES AND LONG, ESR AND/OR SAB SHALL PROVIDE DIRECTION AND GUIDANCE TO SUCH EMPLOYEES AS REQUIRED FROM TIME TO TIME IN CONNECTION WITH THE PROPERTIES AND INVESTMENTS.

2. LONG, ESR AND/OR SAB SHALL CAUSE TO BE FURNISHED TO EACH SUCH SUPERVISORY EMPLOYEE AND AFFILIATE A COPY OF EACH APPROVED DEVELOPMENT PLAN AND APPROVED BUDGET AND A LIST OF THE ACTIONS THAT REQUIRE THE CONSENT OF THE MACK-CALI PARTNERS UNDER THIS AGREEMENT (INCLUDING ANY APPROVED LEASING PARAMETERS) AND PERIODICALLY PROVIDE EACH SUCH SUPERVISORY EMPLOYEE AND AFFILIATE WITH A LIST OF THE CHANGES IN THE APPROVED DEVELOPMENT PLAN AND/OR APPROVED BUDGETS THAT HAVE BEEN APPROVED BY THE PARTNERS FROM TIME TO TIME, AND, UPON ANY OF LONG, ESR AND/OR SAB HAVING ACTUAL KNOWLEDGE OF ANY ACT OF ANY EMPLOYEE OF THE HIGHRIDGE PARTNERS OR THEIR AFFILIATES, OR ANY ACT OF AN AFFILIATE OF THE HIGHRIDGE PARTNERS THAT WOULD BE A BREACH OF THIS AGREEMENT (INCLUDING A MAJOR DEFAULT) IF THE ACTION WERE TAKEN BY A HIGHRIDGE PARTNER, OR ACTUAL KNOWLEDGE OF ANY MATERIAL DEVIATION FROM ANY APPROVED DEVELOPMENT PLAN, APPROVED BUDGET OR CONTRACT PREVIOUSLY APPROVED BY THE PARTNERS OR BY THE MACK-CALI LIMITED PARTNER, THE HIGHRIDGE PARTNERS SHALL GIVE PROMPT NOTICE THEREOF TO THE MACK-CALI LIMITED PARTNER.

3. IF LONG, ESR OR SAB SUSPECTS THAT AN EMPLOYEE OF THE HIGHRIDGE PARTNERS OR THEIR AFFILIATES, OR THAT AN AFFILIATE OF HIGHRIDGE PARTNERS, HAS COMMITTED FRAUD OR MISAPPROPRIATION OF FUNDS, THE HIGHRIDGE PARTNERS SHALL NOTIFY THE MARK-CALI LIMITED PARTNER PROMPTLY, AND THE HIGHRIDGE GP AND THE PARTNERS SHALL REASONABLY APPROVE THE COURSE OF ACTION TO BE TAKEN IN RESPONSE THERETO.

4. COPIES OF WRITTEN SUMMARIES OR STATUS OR PERFORMANCE REPORTS, ANY OTHER INFORMATION REASONABLY REQUESTED BY THE MACK-CALI LIMITED PARTNER, AND NOTICE OF ANY MATERIAL DEVIATION FROM AN APPROVED DEVELOPMENT PLAN, APPROVED BUDGET OR CONTRACT APPROVED BY THE PARTNERS OR BY THE MACK-CALI LIMITED PARTNER THAT IS RECEIVED FROM EMPLOYEES OF THE HIGHRIDGE PARTNERS OR THEIR AFFILIATES SHALL BE FURNISHED BY THE HIGHRIDGE PARTNERS TO THE MACK-CALI LIMITED PARTNER PROMPTLY AFTER BEING SUBMITTED TO ANY OF LONG, ESR AND/OR SAB.

EXHIBIT K

DUE DILIGENCE MATERIALS
PROVIDED BY THE HIGHRIDGE PARTNERS TO
THE MACK-CALI LIMITED PARTNER
CONCERNING THE EL SEGUNDO LAND

[BEGINS NEXT PAGE]

EXHIBIT L

OPERATING APPROVAL STANDARDS

[BEGINS NEXT PAGE]

EXHIBIT M

HIGHRIDGE REIMBURSEMENT SCHEDULE FOR
THE EL SEGUNDO LAND AND SUMMIT RIDGE (CARROLL MESA) LAND

[BEGINS NEXT PAGE]

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Exhibit 10.2

SUPPLEMENT TO AGREEMENT OF LIMITED PARTNERSHIP
OF
HPMC DEVELOPMENT PARTNERS, L.P.,
A DELAWARE LIMITED PARTNERSHIP

This SUPPLEMENT TO AGREEMENT OF LIMITED PARTNERSHIP (the "Supplement") is made and entered into as of the 23rd day of April, 1998, by and among HCG DEVELOPMENT, L.L.C., a Delaware limited liability company, as the managing general partner ("Highridge GP" or for so long as Highridge GP is a General Partner, the "Managing General Partner"), SUMMIT PARTNERS I, L.L.C., a Delaware limited liability company, as a limited partner (the "Highridge Limited Partner"), and MACK-CALI CALIFORNIA DEVELOPMENT ASSOCIATES L.P., a California limited partnership, as a limited partner (the "Mack-Cali Limited Partner" and together with the Highridge Limited Partner, the "Limited Partners"), with reference to the following:

RECITALS

A. The Managing General Partner and the Limited Partners have entered into that certain Agreement of Limited Partnership of HPMC Development Partners, L.P., a Delaware limited partnership dated as of April 23, 1998 (the "Agreement").

B. The Managing General Partner and the Limited Partners desire that this Supplement be an integral part of the Agreement and modify the terms of the Agreement to the extent set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein (the receipt and sufficiency of which hereby are acknowledged by each party hereto), the parties hereto, intending to be legally bound, agree as follows:

1. Each of the Development Plans (including the budgets contained therein) for the El Segundo Land and the Summit Ridge Land are hereby Approved by the Partners and shall constitute the Approved Development Plans with respect thereto.

2. Notwithstanding anything to the contrary contained in the Agreement:

(a) The Mack-Cali Limited Partner's Section 2.1.1 Contribution (Cash) identified on Exhibit B of the Agreement shall be reduced to $5,000,000, which sum shall be held as reserves until such time as the Mack-Cali Partners have contributed the maximum amount of their Required Additional Capital Contributions pursuant to Section 2(b) of this Supplement, provided, that the Managing General Partner is

authorized to make expenditures of the Mack-Cali Limited Partner's Section 2.1.1 Contributions (Cash) in accordance with the Approved Development Plans (and the budgets contained therein), as needed from time to time to the extent the Mack-Cali Partners fail to make any Required Additional Capital Contributions pursuant to and in accordance with Section 2(b) of this Supplement (and the use of such funds by the Managing General Partner shall not relieve the Mack-Cali Partners of their obligations to make Required Additional Capital Contributions under Section 2(b) of this Supplement).

(b) In addition to the Required Additional Capital Contributions of the Mack-Cali Partners under Section 2.1.2 of the Agreement, the Mack-Cali Partners shall make additional Capital Contributions to the Partnership from time to time in accordance with a disbursement request in the form of Exhibit N attached hereto (a "Disbursement Request") delivered by the Managing General Partner, in order to fund the operations of the Partnership and the Investment Entities in accordance with the Approved Development Plans (including the budgets contained therein). The Managing General Partner may issue Disbursement Requests from time to time in amounts then required within the Approved Development Plans (and the budgets contained therein). The Mack-Cali Partners shall make the Required Additional Contributions set forth in each Disbursement Request within ten (10) days after the date on which the Disbursement Request with respect thereto has been received (or deemed received under Section 9.5 of the Agreement). To the extent a Disbursement Request identifies progress payments or final payments with respect to construction of improvements at the El Segundo Land or the Summit Ridge Land, the Disbursement Request shall include a certificate from an engineer or architect licensed to practice and qualified to do business in California (and acceptable to the applicable construction lender) as to the accuracy of progress (or final) payments sought in accordance with standard AIA guidelines and procedures. The Partners shall use reasonable efforts to engage such engineer or architect,

subject to the reasonable Approval of the Partners as to who is engaged, as soon as is practicable hereafter. In no event shall the Required Additional Capital Contributions required under this Section 2(b) exceed $14,200,000, subject to reduction pursuant to Section 3 of this Supplement.

(c) If the Mack-Cali Partners fail to contribute their Required Additional Capital Contributions to the Partnership pursuant to Section 2(b) of this Supplement, the Highridge Partners shall have all of the remedies available under Article II of the Agreement, and, in addition, such failure shall result in the Mack-Cali Partners becoming Terminated Partners to the extent provided in Section 2.2.2 of the Agreement.

3. Section 2.1.2.2 of the Agreement is hereby deleted. Notwithstanding the other provisions of this Agreement, to the extent the amount of the construction financing for the El Segundo Land and the Summit Ridge Land exceeds $27,200,000, the maximum amount of Required Additional Capital Contributions of the Mack-Cali Partners pursuant to Section 2(b) of this Supplement shall be reduced by the difference between (a) the amount of such construction financing (up to a maximum of $28,200,000), less (b) $27,200,000. In no event shall the reduction of the maximum

amount of the Mack-Cali Partners' Required Additional Capital Contributions under Section 2(b) of this Supplement exceed $1,000,000.

4. Section 2.1.2.3 of the Agreement is modified such that the maximum amount of the contributions from the Mack-Cali Partners thereunder shall be limited to the maximum amount of Required Additional Contributions then remaining with respect to the Mack-Cali Limited Partner (and not $4,000,000), and (b) the last sentence of Section 2.1.2.3 of the Agreement is deleted, such that there is no limit on the Capital Equalization Distribution thereunder. To the extent the Mack-Cali Limited Partner has made contributions to the Partnership under Section 2.1.2.3 of the Agreement, such contributions shall be treated as Required Additional Capital Contributions made by it under Section 2.1.2.3 of the Agreement.

5. If any third party financing (other than Third Party Mezzanine Financing governed by Section 2.1.2.4 of the Agreement, which provision shall remain in full force and effect) is obtained for the development of the El Segundo Land and/or the Summit Ridge Land, or refinancing in replacement thereof, and proceeds therefrom may be used to distribute to the Partners, such proceeds shall be made to the Highridge Partners as a Capital Equalization Distribution as provided in Section 2.1.2.3 of the Agreement prior to making any distributions to the Partners under Article 4. Distributions to the Highridge Partners pursuant to this Section 5 of this Supplement shall be deemed to have been made pursuant to Section 4.1.1(c) of the Agreement in repayment of the Highridge Partners' Invested Capital.

6. Except as otherwise defined herein, capitalized terms in this Supplement shall have the meaning given such terms in the Agreement.

7. Except as expressly supplemented or modified herein, all terms and conditions of the Agreement shall remain in full force and effect.

8. This Supplement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument when taken together. In addition, this Supplement may contain more than one counterpart of the signature page and this Supplement may be executed by the affixing of the signatures of each of the Partners to one or more of such counterpart signature page. A Partner shall be deemed to have executed and delivered this Supplement if and when it has manually executed a counterpart signature page to this Supplement, transmitted a copy of the same by facsimile to the other Partners at such other Partner's facsimile number set forth in the Agreement, and received a printed confirmation of the successful receipt thereof by such other Partner. This Supplement shall not be binding on the Partners hereto unless each Partner shall have executed and delivered a copy of both the Agreement and this Supplement to the other Partners. If this Supplement is executed and delivered by facsimile, each Partner who transmits its signature page for this Supplement by facsimile shall promptly forward a manually executed signature page to the other

Partner (but a Partner's failure to so promptly shall not affect the validity of its execution and delivery of this Supplement by facsimile transmission).

9. This Supplement is executed by the Partners in the interest of time in order to avoid any delays in amending and restating the Agreement to fully reflect the provisions of this Supplement. The Partners shall use reasonable good faith efforts to amend and restate the Agreement in accordance with the terms of this Supplement as soon as is practicable hereafter.

[Signatures on next page]

IN WITNESS WHEREOF, this Supplement is executed, and is effective for all purposes, as of the date first set forth above.

GENERAL PARTNER

HCG DEVELOPMENT, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management, L.L.C., a Delaware limited liability company, Manager

By: Highridge Management, Inc., a California corporation, Managing Member

By: _____
Name:
Title:

LIMITED PARTNERS:

SUMMIT PARTNERS I, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management, L.L.C., a Delaware limited liability company, Manager

By: Highridge Management, Inc., a California corporation, Managing Member

By: _____
Name:
Title:

MACK-CALI CALIFORNIA
DEVELOPMENT ASSOCIATES L.P.,
a California limited partnership

By: Mack-Cali Sub XXI, Inc., a Delaware corporation, its general partner

By: _____
Name:
Title:

Exhibit 10.3

FIRST AMENDMENT TO
AGREEMENT OF LIMITED PARTNERSHIP
OF
HPMC DEVELOPMENT PARTNERS, L.P.

This First Amendment (the "Amendment") is entered into as of October 8, 1998 and amends that certain Agreement of Limited Partnership of HPMC Development Partners, L.P. (the "Partnership"), dated as of April 23, 1998, as previously amended by that certain Supplement thereto (the "Supplement") dated as of April 23, 1998 (as amended by such Supplement, the "Partnership Agreement"). Capitalized terms that are used in this Amendment but that are not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged by the Partners, the Partners hereby agree as follows (with the Partnership Agreement hereby being amended to the extent it is inconsistent with the following provisions):

1. USE OF RESERVES. The Partners hereby approve that $4.6 million of the $5 million of Mack-Cali Capital Contributions that currently are being held as reserves shall be used to balance the Sanwa construction loan for the El Segundo Land (in lieu of such amount continuing to be held as reserves by the Partnership or the Mack-Cali Partners being required to make Required Additional Contributions to fund such balancing requirement).

2. CAPITAL EQUALIZATION; MEZZANINE FINANCING.

(a) DEFINITION OF "THIRD PARTY MEZZANINE FINANCING." For purposes of applying Sections 2.1.2.3 ("Capital Equalization") and 2.1.2.4. ("Mezzanine Financing") of the Partnership Agreement, the term "conventional financing" with respect to a Property (as used in the definition of the term "Third-Party Mezzanine Financing") shall be deemed to mean the portion of the Partnership's financing with respect to such Property which will cause such Property's development costs to be 50% financed with debt.

(b) ADDITIONAL TRIGGER DATE FOR CAPITAL EQUALIZATION. Notwithstanding the provisions of Sections 2.1.2.3 ("Capital Equalization") and 2.1.2.4 ("Mezzanine Financing") of the Partnership Agreement, the Capital Equalization Distribution required under Section 2.1.2.3 of the Partnership Agreement (and the Required Additional Contributions of the Mack-Cali Partners to make such distribution) shall be required upon the earlier to occur of (i) the El Segundo Valuation Date (i.e., the $55 million valuation for the El Segundo Land occurring as provided in the definition of such term contained in the Partnership Agreement) or (ii) the closing of binding loan documentation (the "Construction Loan Closings") for the construction financing for both the El Segundo Land and the Summit Ridge Land if the aggregate amount permitted to be borrowed by the Partnership and the Investment Entities under such financing ("Maximum Permitted Borrowings") exceeds $27.2 million (the date on which the Construction Loan Closing has occurred for both Properties is referred to as the "Special Financing Equalization Date"). The amount of the Capital Equalization Distribution, and the amount of the Required Additional Contributions required to be made by the Mack-Cali Partners to fund the same on the Special Financing Equalization Date, as a result of the Special Financing Equalization Date occurring by reason of the circumstances described in preceding clause (ii) shall not exceed the lesser of (A) 75% of the aggregate Third Party Mezzanine Financing permitted to be borrowed by the Partnership and the Investment Entities under the construction financing with respect to which the Construction Loan closing has occurred, or (B) the amount necessary to reduce the Invested Capital of the Highridge Partners to 20% of the excess of (1) the total development costs of $54,411,200 for both Properties, minus (2) the aggregate Maximum Permitted Borrowings under the construction financing for both Properties. In addition to a Capital Equalization Distribution being required to occur on the Special Financing Equalization Date, a Capital Equalization Distribution may also occur under Section 2.1.2.3 of the Partnership Agreement (as amended by the Supplement) if the El Segundo Valuation Date has occurred. Notwithstanding anything contained in the Partnership Agreement or in this Amendment to the contrary, the maximum aggregate Capital Contributions required to be made by the Mack-Cali Partners under the Partnership Agreement and this Amendment for all periods (including their initial $5 million Capital contribution, the Required Additional Contributions to be contributed by the Mack-Cali Partners under this Amendment to make the Capital Equalization Distribution upon the occurrence of the Special Financing Equalization Date, and all other Required Additional contributions required to be made by the Mack-Cali partners under the Partnership Agreement) shall not exceed $19,200,000 less one dollar ($1.00) for each dollar by which the Maximum Permitted Borrowings exceed $27,200,000

(up to a maximum $1 million reduction to $18,200,000).

(c)PREFERRED RETURN/HIGHRIDGE SUBORDINATED RETURN RATES. Notwithstanding anything in the Partnership Agreement to the contrary, from and after the Equalization Date, the annual percentage rate to be used in computing (i) the Highridge subordinated Contribution Return, and (ii) the Preferred Return on the Required Additional Contributions of the Mack-Cali Partners made by the Mack-Cali Partners to make the Capital Equalization Distribution under Section 2.1.2.3 of the Partnership Agreement or Section2(b) of this Amendment, shall thereafter accrue at an annual rate equal to the 30-day LIBOR rate in effect at the close of each calendar quarter plus seven-hundred and fifty (750) basis points, cumulative and compounded quarterly (the "Adjusted Return Rate") (and adjusted at the close of each calendar quarter). The distributions of the Partnership (A) under Section 4.1.1(a) of the Partnership Agreement in repayment of the Undistributed Preferred Return of the Mack-Cali Partners that is computed at the Adjusted Return Rate and in repayment of the portion thereof that is computed at a 10% annual rate, and (B) under Section 4.1.1(c) of the Partnership Agreement in repayment of the Invested Capital of the Mack-Cali Partners that bears a Preferred Return computed at the Adjusted Return Rate and in repayment of the portion thereof that bears a Preferred Return computed at a 10% annual rate, shall be deemed

to have been made pro rate in repayment of such amounts under such Section 4.1.1(a) or Section 4.1.1(c), as applicable, in proportion to the amount thereof that is computed at the Adjusted Return Rate and the amount thereof computed at a 10% annual rate.

3. REMAINDER OF PARTNERSHIP AGREEMENT. Except as expressly amended herein, all provisions of the Partnership Agreement shall remain in full force and effect.

4. COUNTERPART EXECUTION. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument when taken together. In addition, this Amendment may contain more than one counterpart of the signature page and this Amendment may be executed by affixing the signatures of each of the Partners to one or more of such counterpart signature pages. A Partner shall be deemed to have executed and delivered this Amendment if and when it has manually executed a counterpart signature page to this Amendment, transmitted a copy of the same by facsimile to each other Partner at such other Partner's facsimile number set forth in the Partnership Agreement, and received a printed confirmation of the successful receipt thereof by such other Partner. This Amendment shall not be binding on the Partners hereto unless each Partner shall have executed and delivered a copy of this Amendment to the other Partners. If this Amendment is executed and delivered by facsimile, each Partner who transmits its signature page for this Amendment by facsimile shall promptly forward a manually executed signature page to each other Partner (but a Partner's failure to do so promptly shall not affect the validity of its execution and delivery of this Amendment by facsimile transmission).

5. CONTINUATION OF BUSINESS. The Partnership hereby is reconstituted and its business continued pursuant to the Partnership Agreement, as amended by this Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Supplement is executed, and is effective for all purposes, as of the date first set forth above.

GENERAL PARTNER

HCG DEVELOPMENT, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management,
L.L.C., a Delaware limited liability
company, Manager

By: Highridge Management, Inc.,
a California corporation,
Managing Member

By: _____
Name:
Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

LIMITED PARTNERS:

SUMMIT PARTNERS I, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management,
L.L.C., a Delaware limited liability
company, Manager

By: Highridge Management, Inc.,
a California corporation,
Managing Member

By: _____
Name:
Title:

MACK-CALI CALIFORNIA
DEVELOPMENT ASSOCIATES L.P.,
a California limited partnership

By: Mack-Cali Sub XXI, Inc., a
Delaware corporation, its
general partner

By: _____
Name:
Title:

[END OF SIGNATURES]

Exhibit 10.4

AGREEMENT OF LIMITED PARTNERSHIP
OF
HPMC LAVA RIDGE PARTNERS, L.P.
A DELAWARE LIMITED PARTNERSHIP

DATED AS OF THE 21ST DAY OF JULY, 1998

THE INTERESTS ISSUED UNDER THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER THE APPLICABLE STATE SECURITIES LAWS, IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION AND QUALIFICATION PROVIDED IN THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION OR REGISTRATION UNDER THE APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

IN ADDITION, THE INTERESTS ISSUED UNDER THIS AGREEMENT MAY BE SOLD OR TRANSFERRED ONLY IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFER SET FORTH HEREIN.

AGREEMENT OF LIMITED PARTNERSHIP
OF
HPMC LAVA RIDGE PARTNERS, L.P.
A DELAWARE LIMITED PARTNERSHIP

THIS AGREEMENT OF LIMITED PARTNERSHIP ("Agreement") is made and entered into as of the 21st day of July, 1998, by and among HCG DEVELOPMENT, L.L.C., a Delaware limited liability company, as the managing general partner ("Highridge GP" or for so long as Highridge GP is a General Partner, the "Managing General Partner"), SUMMIT PARTNERS I, L.L.C., a Delaware limited liability company, as a limited partner (the "Highridge Limited Partner"), and MACK-CALI CALIFORNIA DEVELOPMENT ASSOCIATES L.P., a California limited partnership, as a limited partner (the "Mack-Cali Limited Partner" and together with the Highridge Limited Partner, the "Limited Partners"), with reference to the following:

RECITALS

A. The Managing General Partner and the Limited Partners desire to form a limited partnership pursuant to the provisions of the Revised Uniform Limited Partnership Act of the State of Delaware, Delaware Code, Title 6 Sections 117-101, ET SEQ., as amended from time to time, and to constitute themselves as HPMC LAVA RIDGE PARTNERS, L.P., a Delaware limited partnership (the "Partnership") for the purposes set forth in Sections 1.5 and 1.11, and on the terms and conditions set forth in this Agreement.

B. The Managing General Partner and each of the Limited Partners desires to make its respective capital contributions to the Partnership as described in this Agreement and to be admitted as a Partner of the Partnership.

C. In order to effect the foregoing, the parties hereto desire to enter into this Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein (the receipt and sufficiency of which hereby are acknowledged by each party hereto), the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1

GENERAL PROVISIONS

1.1 FORMATION. The Managing General Partner, as the general partner, and the Highridge Limited Partner and the Mack-Cali Limited Partner, as limited partners, hereby form the Partnership as a limited partnership pursuant to the terms of this Agreement and the Act. This Agreement shall constitute the

agreement of limited partnership among the Partners. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in Section 1.10 and Exhibit A. The Partners further agree to take such other actions as may from time to time be necessary or appropriate under the laws of the States of Delaware and California with respect to the formation, operation, qualification and continued good standing of the Partnership as a limited partnership in such jurisdictions.

1.2 NAME OF PARTNERSHIP. Subject to Section 1.3., the name of the Partnership shall be "HPMC LAVA RIDGE PARTNERS, L.P.," or such other name as may be reasonably Approved by the General Partners from time to time.

1.3 CERTIFICATE OF LIMITED PARTNERSHIP. The Managing General Partner shall execute the Certificate of Limited Partnership (the "CERTIFICATE") for the Partnership, and the Managing General Partner shall (i) cause the Certificate to be filed in the Office of the Secretary of State of the State of Delaware as required by the Act, and (ii) cause the Partnership to take any other steps that are necessary for the Partnership to own the Investments and operate the Properties and to conduct the Partnership's business in Delaware and California, promptly after the date hereof. The Certificate shall be amended whenever, and within the time periods, required by the Act, or otherwise when reasonably Approved by the Partners.

1.4 PRINCIPAL OFFICE, RESIDENT AGENT AND REGISTERED OFFICE. The principal office of the Partnership shall be located at 300 Continental Boulevard, Suite 360, El Segundo, California 90245, or at such other place or places as from time to time be reasonably Approved by the General Partners; PROVIDED, HOWEVER, that the Partnership shall at all times maintain a registered agent and an office in the State of Delaware and the State of California. The name and address of the registered agent for service of process on the Partnership in the State of Delaware is Paracorp Incorporated, 15 East North Street, Dover, Delaware 19901. The address of the registered office of the Partnership in the State of Delaware is c/o Paracorp Incorporated, 15 East North Street, Dover, Delaware 19901. The name and address of the registered agent for service of process on the Partnership in the State of California is Mark Abramson, Esq., 300 Continental Boulevard, Suite 360, El Segundo, California 90245. The address of the registered office of the Partnership in the State of California shall be the principal office of the Partnership. Such principal office, registered agent or registered office may be changed upon the reasonable Approval of the General Partners, so long as in accordance with the Act; concurrently with any such change, written notice thereof shall be

given to each Partner. Promptly following execution and delivery of this Agreement, and filing of the Certificate with the Secretary of State of the State of Delaware, the Managing General Partner shall cause the Partnership to register as a foreign limited partnership in the Office of the Secretary of State of California and in such other jurisdictions as are necessary or desirable. Such registration shall be amended by the General Partners whenever required by the laws of each such jurisdiction.

1.5 PURPOSES OF PARTNERSHIP. The purposes of the Partnership shall be:

1.5.1 Subject to the other provisions of this Agreement, to acquire the Investments for investment purposes, and to own, hold, rehabilitate, develop with office buildings, manage, maintain, entitle, plat, subdivide, operate, finance, refinance, rezone, improve, lease, and to sell, exchange or otherwise dispose of the Lava Ridge Land (more particularly described on Exhibit D), and any other property Approved by the Partners (as improved from time to time, the "Properties") and interests therein, whether directly or through Investment Entities formed by the Partnership as provided in Section 1.5.2.

1.5.2 Subject to the other provisions of this Agreement, to acquire any other assets that are incidental to the foregoing which have been Approved by the Partners (the Properties and other assets owned by the Partnership, including interests in Entities owning Properties or interests therein, are referred to as the "Investments"). The Partnership shall, unless otherwise Approved by the Partners, cause each Property to be acquired, developed and owned by a separate limited liability company or limited partnership formed by the Partnership for the purpose of acquiring the same or interests therein (each such partnership or limited liability company, together with any Entity in which such limited liability company or partnership owns a direct or indirect equity ownership interest, an "Investment Entity"), and the Partnership may form one or more other subsidiaries to serve as a general partner of any limited partnership or as a member of any limited liability company formed for Partnership purposes on terms reasonably Approved by the Partners. The Partnership may take all actions required or permitted to be taken by it under each Investment Entity Agreement (such actions to be required to be Approved by the Partners to the extent required by this Agreement). The Partnership may engage in any and all other general business activities incidental or reasonably related to the foregoing.

1.6 FUNDING PROPORTIONS; RESIDUAL PERCENTAGES

1.6.1 The respective Funding Proportions and Residual Percentages in the Partnership of the Partners are set forth on Exhibit B.

1.6.2 Unless the context otherwise clearly indicates, the term "interest" or "interests" in the Partnership shall include both General Partner interests and Limited Partner interests. A Partner's interest in the Partnership shall mean and include its share of the capital of the Partnership, its share of the Profits and Losses, its share of Gain or Loss on Disposition

and other tax items of the Partnership, its share of the distributions of the Partnership, its Capital Account, and its other rights and obligations, all as determined under this Agreement.

1.7 OTHER QUALIFICATIONS. At the expense of the Partnership, the General Partners shall cause the Partnership to be qualified to do business in each jurisdiction in which such qualification becomes necessary (including California), on or before the date on which such qualification becomes necessary.

1.8 TERM OF PARTNERSHIP. The term of the Partnership commenced as of the date of filing the Certificate and shall continue until the Partnership shall be dissolved, liquidated and terminated pursuant to the provisions of Article 8.

1.9 TITLE TO PARTNERSHIP PROPERTY. Unless otherwise Approved by the Partners, legal title to all of the Partnership's assets, including the Properties and the Investments, shall be held by the Partnership, either directly or through Investment Entities formed by the Partnership to acquire such assets. It is expressly understood and agreed that the manner of holding title to Partnership property is solely for the convenience of the Partners; accordingly, legal representatives, beneficiaries, distributees, partners, shareholders, members, successors or assigns of any Partner shall have no right, title or interest in or to any such Partnership property by reason of the manner in which title is held, but all such property shall be treated as Partnership property subject to the terms of this Agreement.

1.10 DEFINITIONS. Capitalized terms that are used in this Agreement shall have the meanings set forth on Exhibit A.

1.11 AUTHORIZED ACTS. In furtherance of its purposes, and subject to the provisions of this Agreement, the Partnership and its General Partners shall have the full power and authority to take in the Partnership's name all actions that are necessary, useful, appropriate or helpful in connection therewith, including the actions described in Section 5.1.1 hereof.

1.12 AUTHORIZED REPRESENTATIVES. The "Authorized Representatives" of a Partner that is not a natural person shall be those representatives designated by notice to all other Partners by such Partner from time to time to represent such Partner in connection with the Partnership, unless and until replaced or removed by notice from such Partner to all Partners. The written statements and representations of an Authorized Representative for a Partner that is not a natural Person shall be the only authorized statements and representations of such Partner with respect to the matters covered by this Agreement. The initial Authorized Representatives are (i) John S. Long, Eugene S. Rosenfeld, Steven A. Berlinger and Jack Mahoney for the Highridge Partners, and (ii) Thomas Rizk, Mitchell E. Hersh, Roger W. Thomas and Barry Lefkowitz for the Mack-Cali Partners. The written statement or representation of any one Authorized Representative of such Partner shall be sufficient to bind such Partner with respect to all matters pertaining to the Partnership. The term "Approved by" or "Consented to by" or "Consent of" or "satisfactory to" with respect to a Partner that is not a natural Person means a decision or action which has been consented to in writing by the Authorized Representative of such Partner (or orally to the extent that the Partners have adopted a course of conduct pursuant to which certain Approvals, other than those described below in this Section 1.12, are granted orally), and with respect to a Partner who is an individual, means a decision or action which has been consented to in writing by such individual. In order for a decision or action to be "Approved by the Partners" (or any variation thereof), the decision or action must be Approved by at least one Authorized Representative of each Partner who then continues to have Approval rights with respect to such action or decision under this Agreement. In order for a decision or action to be "Approved by the General Partners" (or any variation thereof), the decision or action must be Approved by at least one Authorized Representative of each then General Partner. Notwithstanding anything in this Agreement to the contrary (including any course of conduct regarding oral Approvals that has been adopted by the Partners), the following Approvals must be given in writing (to the extent Approval is required therefor) in order to be effective: (1) acquisition by the Partnership or an Investment Entity of a Property other than the Lava Ridge Land (the acquisition of which

hereby is Approved by the Partners pursuant to the Approved Development Plan with respect thereto that is described on Exhibit C), (2) any borrowing by the Partnership or an Investment Entity, (3) the sale or other disposition of any Investment or Property, (4) adopting or materially modifying a Development Plan for any Property or any Approved Budget contained therein, including any Approved Overhead Budget contained therein or Approved by the Partners in connection therewith (the Partners hereby confirm that the initial Approved Development Plan, Approved Budget, and Approved Overhead Budget for the Lava Ridge Land are described on Exhibit C), (5) liquidating the Partnership or any Investment Entity and (6) issuing a Funding Notice as provided in Section 2.1.2.1(ii). Section 5.1.6.2 sets forth the procedure for obtaining Approvals.

ARTICLE 2

CAPITAL CONTRIBUTIONS
AND ADDITIONAL CONTRIBUTIONS

2.1 CAPITAL CONTRIBUTIONS.

2.1.1 INITIAL CAPITAL CONTRIBUTIONS. (a) Each Partner has contributed the amount in cash to the capital of the Partnership that is set forth for such Partner on Exhibit B as its Section 2.1.1 Contribution (Cash).

(b) The Partnership shall contribute the Section 2.1.1 Contributions (less Partnership expenses paid, or reserves funded, therefrom as set forth in the Approved Budget or otherwise Approved by the Partners) to Lava Ridge Associates, L.L.C. (a Delaware limited liability company that is owned by the Partnership and is the Investment Entity that will acquire and develop the Lava Ridge Land) in order to acquire the Lava Ridge Land. For convenience, the foregoing contributions to the Partnership and subsequent contribution by the Partnership to such Investment Entity may be accomplished by a direct payment of cash by the Partners to such Investment Entity (and such direct payment hereby is Approved by the Partners).

2.1.2 ADDITIONAL CAPITAL CONTRIBUTIONS.

2.1.2.1 GENERAL RULES. Except as provided in this Section 2.1.2, no Partner shall be required to make any Capital Contributions other than those described in Sections 2.1.1, 3.5.4 and 4.3.2. Each Partner shall be required to make additional Capital Contributions to the Partnership if any General Partner or the Mack-Cali Limited Partner gives notice to all Partners (a "Funding Notice") that meets the requirements of this Section 2.1.2. If a Funding Notice is properly issued, the amount of additional Capital Contributions so required from each Partner ("Required Additional Contributions") shall be the amount described below with respect to such Partner in this Section 2.1.2.1, and the Due Date for such Required Additional Contributions shall be the date on which all conditions precedent thereto have occurred (as set forth in the Development Plans or otherwise Approved by the Partners). The amount and due date for such Required Additional Contributions shall be specified in such Funding Notice (the collective dollar obligation of the Partners with respect thereto for such Funding Notice is referred to as a "Shortfall"). A Funding Notice may be issued only with respect to one or more of the following events (and will be effective to the extent described below):

(i) Except as specifically Approved in writing by the Partners after the execution of this Agreement, no Funding Notice may be issued to a Partner except to the extent that the amounts of Required Capital Contributions of such Partner described

therein are required to be made by such Partner under this clause (i), clause (ii) or clause (iii) of this Section 2.1.2.1, and/or Section 3.5.4 or 4.3.2;

(ii) Except as provided in clause (i) above or clause (iii) below of this Section 2.1.2.1., the Partners shall make additional Capital Contributions to the Partnership, pro rata in proportion to their respective Funding Proportions, from time to time in accordance with a disbursement request in the form of Exhibit N attached hereto (a "Disbursement Request") delivered by the Managing General Partner (or the Mack-Cali Limited Partner if the Managing General Partner shall fail to do so after a request to do so is received from the Mack-Cali Limited Partner), in order to fund the operations of the Partnership and the Investment Entities in accordance with the Approved Development Plans (including the budgets contained therein) or as otherwise Approved by the Partners. The Managing General Partner (or the Mack-Cali Limited Partner if the Managing General Partner shall fail to do so after a request to do so is received from the Mack-Cali Limited Partner) may issue one or more Disbursement Requests from time to time to the extent Capital Contributions

are then due under the Approved Development Plans (and the budgets contained therein). Each Partner shall make the Required Additional Contributions set forth in each Disbursement Request within ten (10) days after the date on which the Disbursement Request with respect thereto has been received (or deemed received under Section 9.5 of the Agreement). To the extent a Disbursement Request identifies progress payments or final payments with respect to construction of improvements at any of the Properties, the Disbursement Request shall include a certificate from an engineer or architect licensed to practice and qualified to do business in California (and acceptable to the applicable construction lender) as to the accuracy of progress (or final) payments sought in accordance with standard AIA guidelines and procedures. The Partners shall use reasonable efforts to engage such engineer or architect, subject to the reasonable Approval of the Partners as to who is engaged, as soon as is practicable hereafter. In no event shall the aggregate Required Additional Capital Contributions required from all of the Partners under this Section 2.1.2.1(ii) exceed $4 million (limited to $800,000 from the Highridge Group and $3,200,000 from the Mack-Cali Group). A Disbursement Request shall constitute a Funding Notice for purposes of this Agreement; or

(iii) Notwithstanding any provision of this Agreement to the contrary, if and to the extent that distributions have been made to the Partners pursuant to Section 4.1.1 (d), such distributions shall be recontributed to satisfy any Shortfall of the Partnership (in the ratio distributed to the Partners under such Section) in response to a Funding Notice concerning such Shortfall (such recontributions to constitute Required Additional Contributions for purposes of this Agreement).

Except as provided below, no Partner shall be required to issue a Funding

Notice under any circumstances. Notwithstanding the preceding sentence, the Managing General Partner shall be required to issue a Funding Notice within five (5) days after receiving notice from the Mack-Cali Limited Partner that a Funding Notice is required in order to fund the amounts described in this Section 2.1.2 that are then due and payable (the Mack-Cali Limited Partner shall not be required to issue such a notice under any circumstances). A Funding Notice may be issued by the Mack-Cali Limited Partner if the Managing General Partner shall fail to do so within such 5-day period. Each Funding Notice shall describe the Shortfall and set forth the Required Additional Contribution of each Partner as determined pursuant to this Section 2.1.2. If a Funding Notice is properly issued as provided above in this Section 2.1.2, each Partner shall contribute its Required Additional Contributions on or before the Due Date therefor under Section 2.2.1. The provisions of this Section 2.1.2 which provide that a Funding Notice must be validly issued before additional Capital Contributions are required to be made shall not affect in any way the obligation of any Partner to pay to the Partnership or to the other Partners, as the case may be, any amount required to be paid by such Partner to them under this Agreement (it being agreed that the issuance of a Funding Notice shall not be required in order for the Partnership or any Partner to enforce any such payment obligation).

2.1.2.2 MEZZANINE FINANCING. The Mack-Cali Limited Partner shall have the right, upon notice to the Highridge Partners but subject to the reasonable Approval of the Managing General Partner, to cause the Partnership to obtain Third Party Mezzanine Financing (with respect to which no Partner or its Affiliates shall be required to provide any personal guaranties of repayment without such Partner's Approval).

2.1.3 CONTRIBUTIONS OF SERVICES. The Residual Percentage of any Partner in excess of such Partner's Funding Proportion shall be deemed to be a profits interest that has been received in exchange for services rendered or to be rendered by such Partner to or for the benefit of the Partnership (such excess Residual Percentage having no currently predictable distributions or value).

2.2 THIRD-PARTY LOANS AND ADDITIONAL CAPITAL CONTRIBUTIONS AND CAPITAL CALLS.

2.2.1 If a Funding Notice is properly given by a Partner pursuant to Section 2.1.2, each Partner shall have the obligation, subject to the limitations contained in Section 2.1.2, to contribute its Required Additional Contributions within five (5) days (or ten (10) days in the case of Capital Contributions described in Section 2.1.2.1(ii)) after the later to occur of (i) the date on which the Funding Notice with respect thereto has been received (or deemed received under Section 9.5) or (ii) the required funding date that is set forth in the Funding Notice (the expiration of such five or ten day period is referred to as the "Due Date"). There shall be a cure period of five (5) days after the Due Date for each Partner to contribute its Required Additional Contribution, as provided in Section 2.2.2.

2.2.2 If any Partner fails to contribute the full amount of its Required Additional Contributions within five (5) days (or ten (10) days in the case of Capital Contributions described in Section 2.1.2.1(ii)) after the Due Date thereof (such Partner and any other Partner in such Partner's Partner Group thereupon being collectively referred to as the "Defaulting Partner"), then, as the exclusive remedies of the Partnership and the other Partners who are not Defaulting Partners (the "Non-Defaulting Partners"), the Non-Defaulting Partner shall have the following remedies, exercisable by notice from the Non-Defaulting Partners to the Defaulting Partner: (i) to elect to treat the Defaulting Partner as a Terminated Partner under Section 7.9 (and pursue the remedies under this Agreement that apply after a Partner becomes a Terminated Partner), (ii) to cause the Partnership to sue the Defaulting Partner for actual (and not consequential) damages that shall be limited to the portion of the Defaulting Partner's share of the Shortfall Disbursement that was not received timely, plus interest at the rate equal to the lesser of (x) fifteen percent (15%) per annum or (y) the maximum interest rate permitted by law, and plus the costs of collection, and (iii) to elect to lend (or to cause the Non-Defaulting Partners' Affiliates to lend), to the Defaulting Partner or to the Partnership, as Approved by the Non-Defaulting Partners, the amount of such Capital Contribution that was not made timely by the Defaulting Partner. The remedies described in clauses (i), (ii) and (iii) of this Section 2.2.2 shall be cumulative, and all or any of them may be elected and apply simultaneously, except as provided in Section 2.2.2.1.

2.2.2.1 If the Non-Defaulting Partners choose to lend (or to cause their Affiliates to lend) the amount of the Required Additional Contribution not made timely by the Defaulting Partner, the loan shall be a recourse loan to the Partnership or to the Defaulting Partner, as elected by the Non-Defaulting Partners, and shall bear interest, compounded monthly, at the rate equal to the lesser of (i) the maximum interest rate permitted by law or (ii) fifteen percent (15%) per annum, from the date such loan is made until the date of repayment. Such loan shall be deemed to have been made to the Defaulting Partner (and not to the Partnership) only if the Non-Defaulting Partners (or the Non-Defaulting Partners' Affiliate) has paid such amount directly to the Partnership and specifies, by notice to the Partners given within two (2) Business Days after such funding, that the loan is being made to the Defaulting Partner, in which case (1) said amount shall be deemed to have been contributed to the Partnership by the Defaulting Partner for purposes of determining the Capital Contributions made by the Defaulting Partner, its Invested Capital and the Preferred Return thereon, (2) the remedies against the Defaulting Partner described in Sections 2.2.2(ii) and 9.2 shall not apply with respect to said amount, and (3) the Defaulting Partner shall still be deemed to be a Terminated Partner for purposes of applying the remedies contained in Section 7.9 and for all other provisions of this Agreement. Repayment of any such loan to the Defaulting Partner shall be effected by the General Partners being required to cause the Partnership to pay directly to the Non-Defaulting Partners all distributions otherwise payable to the Defaulting Partner under this Agreement as and when payable, instead of making such distributions to the Defaulting Partner (with such distributions being deemed for all purposes to have been made to the Defaulting Partner and then paid by the Defaulting Partner to the Non-Defaulting Partners or their Affiliates, as the case may be). Repayment of any such loan to the Partnership shall be made as provided in Section 4.1 and Section 4.2.2. Any payments made

with respect to loans described in this Section 2.2.2.1 shall first be deemed to pay accrued but unpaid interest, and then be deemed to repay principal.

2.2.2.2 If none of the Partners timely contributes any portion of its
Required Capital Contribution pursuant to a Funding Notice, there shall be no remedy of any Partner or the Partnership against any other Partner by reason of the failure to make such Required Capital Contributions.

2.2.3 Except as otherwise specifically set forth in this Agreement, no Partner shall have the right (i) to withdraw such Partner's Capital Contribution or to demand or receive the return of a Capital Contribution or to make any claim to any portion of Partnership capital or (ii) to demand or receive property other than cash in return for a Capital Contribution or to receive any cash in return for a Capital Contribution.

2.2.4 Except as expressly provided in this Agreement, no Partner shall have personal liability to make any Capital Contribution.

2.2.5 A deficit Capital Account of a Partner (or of a partner, member or venturer of a Partner) shall not be deemed to be a liability of such Partner (or of such partner, member or venturer) or an asset or property of the Partnership (or any Partner). Furthermore, no Partner shall have any obligation to the Partnership, any other Partner or any creditor of any of them or of any Investment Entity for any deficit balance in such Partner's Capital Account.

2.3 USE OF CAPITAL CONTRIBUTIONS; CERTAIN EXPENSES. The initial cash Capital Contributions made pursuant to Section 2.1.1(a) shall be used as follows: (i) to pay unpaid third-party formation and start-up costs of the Partnership and the Investment Entities, the acquisition costs of the Investments (including the costs of entering into and performing under the Acquisition Documents) that have been Approved by the Partners, and any reimbursements (limited to each Partner's cost) included in the Initial Approved Budget contained in the Approved Development Plan attached as Exhibit C with respect to due diligence, formation and start-up expenditures; including attorneys' fees and expenses and formation and qualification costs (and to reimburse each Partner, limited to such Partner's cost, for portions thereof already paid by such Partner or its Affiliates), such amounts (a) to include the Partners' attorneys fees and expenses in connection with the preparation of this Agreement, and the documents contemplated hereby, and (b) to be paid or reimbursed to the Partners by the Partnership out of such Capital Contributions promptly after invoices for such amounts are submitted to the Partnership and to each Partner, and (ii) the balance, if any, shall be held in reserves pending expenditure as set forth in an Approved Budget (or otherwise as Approved by the Partners) or as permitted without such Approval under Section 5.1.3.2, Section 5.1.3.3 or Section 5.1.3.4. The Partners hereby confirm that the expense reimbursements of the Highridge Partners that are described on Exhibit M have been Approved by the Partners.

2.4 PARTNER LOANS. If available cash flow, borrowings and Capital Contributions are insufficient for the reasonable requirements of the Partnership, the Mack-Cali Limited Partner if it is not a Terminated Partner, shall have the unilateral right (but not the obligation) to finance (directly, or through an Affiliate) any Partnership expenditure at an interest rate equal to the lesser of (i) ten percent (10%) per annum or (ii) the maximum rate permitted by law, provided, however, that prior to making any loan pursuant to this Section 2.4(a), the Mack-Cali Limited Partner shall, unless a Highridge Partner is a Terminated Partner, give at least ten (10) Business Days prior written notice to the Highridge GP and offer to the Highridge Partners the opportunity to participate (in proportion to the Partners' Funding Proportions) in such loan. Any notice from the Mack-Cali Limited Partner pursuant to this Section 2.4(a) shall specify the amount of such loan, the share thereof which the Highridge Partners may lend and the earliest date on which such loan is to be made to the Partnership (which date shall not, except in case of Emergency, be earlier than ten (10) Business Days after such notice is received by the Highridge GP). The Highridge Partners may participate in any loan pursuant to this Section 2.4(a), if at all, only by delivery to the Mack-Cali Limited Partner, not later than the date specified in such notice, of its share of such loan. All loans described in this Section 2.4(a) shall be repayable as provided for in Sections 4.1 and 4.2.

2.5 CONTRIBUTIONS TO INVESTMENT ENTITIES. Notwithstanding anything in this Agreement to the contrary, to the extent that the reasonable needs of the business of any Investment Entity require funding of expenditures in excess of the reserves, other assets and available borrowings of the Partnership and such Investment Entity that have been Approved by the Partners (whether in an Approved Budget, Approved Development Plan or otherwise) for the payment thereof other than with respect to a Property that is the subject of an Abandonment Decision, (a) the Mack-Cali Limited Partner may (but shall not be required to) elect, by notice to the Managing General Partner, or (b) the Managing General Partner may (but shall not be required to) elect, by notice to the Mack-Cali Limited Partner, to cause the Partnership to retain (in lieu of distributing the same under Article 4) otherwise distributable Net Available Cash, Net Mortgage Proceeds and Capital Receipts from any source (including other Properties and Investment Entities) and cause the Partnership to contribute such amounts to such Investment Entity for use by it for the payment of such expenditures; PROVIDED, HOWEVER, that the maximum aggregate amount of cash that is retained pursuant to all notices given pursuant to this Section 2.5 with respect to any Investment Entity shall not exceed twenty-five percent (25%) of the Capital Contributions made by the Partnership to such Investment Entity for all periods (regardless of whether distributed back to the Partnership), other than Capital Contributions made by the Partnership to such Investment Entity pursuant to this Section 2.5.

ARTICLE 3

INCOME TAX ALLOCATIONS

3.1 ESTABLISHMENT AND MAINTENANCE OF CAPITAL ACCOUNTS; PARTNERSHIP STATUS. The General Partners shall establish and cause the Partnership to maintain a single book Capital Account for each Partner which reflects each Partner's

Capital Contributions to the Partnership and a single tax capital account which reflects the adjusted tax basis of the Capital Contributions contributed by each Partner to the Partnership. Each Capital Account and tax capital account shall also reflect the allocations and distributions made pursuant to Articles 3 and 4 and otherwise be adjusted in accordance with Code Section 704 and the principles set forth in Regulations Sections 1.704-1(b) and 1.704-2. In applying such principles, any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) shall be allocated among the Partners in the same manner as such expenditures would be allocated among the Partners pursuant to this Article 3 if such expenditures were treated as additional items of deduction of the Partnership (as computed for book purposes) that were recognized and required to be allocated among the Partners pursuant to this Article 3 with respect to the Partnership Accounting Year in which such expenditures were made. The Partners intend that the Partnership be treated as a partnership for tax purposes.

3.2 PROFIT AND LOSS ALLOCATIONS. Except as expressly provided to the contrary in this Section 3.2, for purposes of determining Capital Account balances under this Section 3.2, (a) Profit and Loss with respect to any Partnership Accounting Year shall be allocated prior to reducing Capital Accounts by any distributions with respect to such Partnership Accounting Year, and (b) Section 3.2 shall be applied before applying Section 3.3.

3.2.1 LOSS FROM OPERATIONS. For each Partnership Accounting Year from the Agreement Date until the termination of the Partnership, Loss from Partnership operations shall be allocated among the Partners in the following order of priority:

3.2.1.1 First, among the Partners as necessary to cause each Partner's Capital Account balance to equal the sum of (i) the amount of Net Available Cash that would be distributed to such Partner pursuant to Section 4.1 with respect to such Partnership Accounting Year if the Partnership distributed all of the Net Available Cash for such Partnership Accounting Year without any portion thereof being withheld as reserves or reinvested, plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership (a) distributed all Capital Receipts and Net Mortgage Proceeds received with respect to such Partnership Accounting Year (without any portion thereof being retained as reserves or reinvested) pursuant to Section 4.1 and (b) then sold all of its remaining assets (including its interest in every Investment Entity) for their adjusted tax basis (or adjusted book basis in the case of Revalued Property) and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3; and

3.2.1.2 Second, after giving effect to the allocations made pursuant to

Sections 3.2.1.1 among the Partners in proportion to the Partners' respective Funding Proportions.

3.2.2 PROFIT FROM OPERATIONS. For purposes of applying Section 3.2.1 and this Section 3.2.2, a Partner's Capital Account balance shall be deemed to be increased by such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain determined as of the end of such Partnership Accounting Year. For each Partnership Accounting Year, Profit from Partnership operations shall be allocated among the Partners as necessary to cause the Capital Account balance of each Partner to equal the sum of (i) the amount of Net Available Cash that would be distributed to such Partner under Section 4.1 with respect to such Partnership Accounting Year (if no portion thereof were withheld as reserves or reinvested), plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership (a) distributed all Capital Receipts and Net Mortgage Proceeds received with respect to such Partnership Accounting Year (without any portion thereof being retained as reserves or reinvested) pursuant to Section 4.1, and (b) then sold all of its remaining assets (including its interest in every Investment Entity) for their adjusted tax basis (or adjusted book basis in the case of Revalued Property), and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3.

3.3 ALLOCATIONS OF GAIN OR LOSS ON DISPOSITION. For purposes of determining Capital Account balances under this Section 3.3, Gain or Loss on Disposition shall be allocated prior to reducing Capital Accounts by the distributions of Capital Receipts from the Disposition.

3.3.1 GAIN ON DISPOSITION. Gain on Disposition shall be allocated to the Partners in the following order of priority:

3.3.1.1 First, to the Partners in proportion to, and to the extent of, any deficit balances in their respective Capital Accounts until all such Capital Accounts have been restored to zero; and

3.3.1.2 Second, after giving effect to the allocations made pursuant to Section 3.3.1.1, among the Partners as necessary to cause the Capital Account balance of each Partner to equal the sum of (i) the amount that would be distributed to such Partner pursuant to Sections 4.1 if the Partnership then distributed all of the proceeds received by the Partnership with respect to such Disposition (net of debt repayments) and did not establish reserves or reinvest any of the proceeds of such Disposition, plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership then sold all of its assets remaining after such Disposition and the distribution of the proceeds of such Disposition for their adjusted tax basis (or adjusted book basis in the case of Revalued Property) and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3.

3.3.2 LOSS ON DISPOSITION. Loss on Disposition shall be allocated to the Partners in the following order of priority:

3.3.2.1 First, among the Partners as necessary to cause each Partner's Capital Account balance to equal the sum of (i) the amount that would be distributed to such Partner pursuant to Section 4.1 with respect to such Disposition if the Partnership then distributed all of the proceeds received by the Partnership with respect to such Disposition under Section 4.1. (net of debt repayments) and did not establish reserves or reinvest any of the proceeds of such Disposition, plus (ii) the amount that would be distributed to such Partner pursuant to Sections 4.1 and 4.2.3 if the Partnership then sold all of its assets remaining after such Disposition and the distribution for the proceeds of such Disposition for their adjusted tax basis (or adjusted book basis in the case of Revalued Property) and distributed the proceeds therefrom and its reserves (net of debt repayments) to the Partners pursuant to Sections 4.1 and 4.2.3; and

3.3.2.2 Second, after giving effect to the allocations made pursuant to Section 3.3.2.1, any balance among the Partners in proportion to the Partners' respective Funding Proportions.

3.3.3 RULES OF CONSTRUCTION.

3.3.3.1 For purposes of applying Section 3.3 as a result of a Disposition, a Partner's Capital Account balance shall be deemed to be increased by such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain remaining after such Disposition as determined under the Regulations under Code Section 704(b).

3.3.2.2 Except as is otherwise provided in this Article 3, an allocation of Partnership taxable income or taxable loss to a Partner shall be treated as an allocation to such Partner of the same share of each item of income, gain, loss and deduction that has been taken into account in computing such taxable income or taxable loss.

3.4 MINIMUM GAIN CHARGEBACK AND QUALIFIED INCOME OFFSET.

3.4.1 NO IMPERMISSIBLE DEFICITS. Notwithstanding any other provision of this Agreement, taxable loss or items of deduction (as computed for book purposes) shall not be allocated to a Partner to the extent that the Partner has or would have, as a result of such allocations, an Adjusted Capital Account Deficit. Any taxable loss or items of deduction (as computed for book purposes) which otherwise would be allocated to a Partner, but which cannot be allocated to such Partner because of the application of the immediately preceding sentence, shall instead be allocated to the other Partners.

3.4.2 QUALIFIED INCOME OFFSET. In order to comply with the "qualified income offset" requirement of the Regulations under Code Section 704(b), and notwithstanding any other provision of this Agreement to the contrary except Section 3.4.3 below, in the event a Partner for any reason (whether or not expected) has an Adjusted Capital Account Deficit, items of Profits and Gain on Disposition (consisting of a pro rata portion of each item of income comprising the Partnership's Profits and Gain on Disposition, including both gross income and gain for the taxable year, all as computed for book purposes) shall be allocated to such Partner in an amount and manner sufficient to eliminate as quickly as possible the Adjusted Capital Account Deficit.

3.4.3 MINIMUM GAIN CHARGEBACK. In order to comply with the "minimum gain chargeback" requirements of Regulations Sections 1.704-2(f)(1) and 1.704-2(i)(4), and notwithstanding any other provision of this Agreement to the contrary, in the event there is a net decrease in a Partner's share of Partnership Minimum Gain and/or Partner Nonrecourse Debt Minimum Gain during a

Partnership taxable year, such Partner shall be allocated items of income and gain (as computed for book purposes) for that year (and if necessary, other years) as required by and in accordance with Regulations Sections 1.704-2(f)(1) and 1.704-2(i)(4) before any other allocation is made.

3.5 OTHER TAX ALLOCATION PROVISIONS.

3.5.1 INCOME CHARACTERIZATION. For purposes of determining the character (as ordinary income or capital gain) of any Gain on Disposition allocated to the Partners pursuant to Section 3.3 or 3.4, such portion of the taxable income of the Partnership allocated pursuant to such Sections which is treated as ordinary income attributable to the recapture of depreciation shall, to the extent possible, be allocated among the Partners in the proportion which (i) the amount of depreciation previously allocated to each Partner bears to (ii) the total of such depreciation allocated to all Partners. This Section 3.5.1 shall not alter the amount of allocations among the Partners pursuant to Section 3.3 but merely the character of income so allocated.

3.5.2 CHANGE IN RESIDUAL PERCENTAGES. Notwithstanding the foregoing, in the event any Partner's Residual Percentage changes during a fiscal year for any reason, including the Transfer of any interest in the Partnership or an adjustment of the Partners' Residual Percentages hereunder, the allocations of taxable income or loss under this Article 3, and distributions, shall be adjusted as necessary to reflect the varying interests of the Partners during such year using an interim closing of the books method as of the date of such change, or such other method as is reasonably Approved by the Partners.

3.5.3 MANDATORY ALLOCATIONS -- SECTION 704(C) AND PARTNER NONRECOURSE DEBT.

3.5.3.1 Notwithstanding the foregoing, (i) in the event Code Section 704(c) or Code Section 704(c) principles applicable under Regulations Section 1.704-1(b)(2)(iv) require allocations of income or loss of the Partnership in a manner different than that set forth above, the provisions of Code Section 704(c) and the Regulations thereunder shall control such allocations among the Partners; and (ii) all tax deductions and taxable losses of the Partnership (as computed for book purposes) that, pursuant to Regulations Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt for which a Partner (or a Person related to such Partner under Treasury Regulations Section 1.752-4(b)) bears the economic risk of loss (within the meaning of Regulations Section 1.752-2) shall be allocated to such Partner as required by Regulations Section 1.704-2(c).

3.5.3.2 Any item of income, gain, loss and deduction with respect to any property (other than cash) that has been contributed by a Partner to the capital of the Partnership or which has been revalued for Capital Account purposes pursuant to Regulations Section 1.704-1(b)(2)(iv) and which is required or permitted to be allocated to such Partner for income tax purposes under Code Section 704(c) so as to take into account the variation between the tax basis of such property and its fair market value at the time of its contribution or at the time of its revaluation for Capital Account purposes pursuant to Regulations Section 1.704-1(b)(2)(iv) (such contributed or revalued property is referred to as "Revalued Property") shall be allocated solely for income tax purposes in the manner so required or permitted under Code Section 704(c) using the "traditional method" described in Regulations Section 1.704-3(b) (or any successor Regulation), such allocations to be made as shall be reasonably Approved by the Partners; PROVIDED, HOWEVER, that curative allocations consisting solely of the special allocation of gain or loss upon the sale or other disposition of the Revalued Property shall be made in accordance with Regulations Section 1.704-3(c) to the extent necessary to eliminate any disparity, to the extent possible, between the Partners' Capital Accounts and tax capital accounts attributable to such property; and FURTHER PROVIDED, however, that any other method allowable under applicable Regulations may be used in connection with any Revalued Property as shall be Approved by the Mack-Cali Limited Partner. Allocations under this Section 3.5.3.2 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profit, Loss, Gain or Loss on Disposition or other items or distributions under any provision of this Agreement. Notwithstanding anything in this Agreement to the contrary, the determination of Gross Asset Value for any asset contributed to the Partnership, distributed from the Partnership or any other Revalued Property shall be as Approved by the Partners or as determined pursuant to the appraisal proceeding described in Section 5.10(iii).

3.5.4 GUARANTEE OF PARTNERSHIP INDEBTEDNESS. Except for arrangements expressly described in this Agreement (including loans described in Section 2.2.2 or Section 2.4), and except for any guaranties issued by the Managing General Partner and its Affiliates

in connection with financing of the Partnership (the "Managing General Partner Guaranties"), no Partner shall enter into (or permit any Person related to the Partner to enter into) any arrangement with respect to any liability of the Partnership that would result (for any reason other than the general liability of a General Partner for the liabilities of the Partnership) in such Partner (or a Person related to such Partner under Regulations Section 1.752-4(b)) bearing the economic risk of loss (within the meaning of Regulations Section 1.752-2) with respect to such liability unless such arrangement has been Approved by the Partners or is otherwise permitted by this Agreement. This Section 3.5.4 shall not prohibit any General Partner, Limited Partner or Affiliate of a Partner electing to participate therein from making a loan described in Section 2.2.2 or Section 2.4. To the extent a Partner is permitted to guarantee the repayment of any Partnership indebtedness under this Agreement, each of the other Partners shall be afforded the opportunity to guarantee such Partner's pro rata share of such indebtedness, determined in accordance with the Partners' respective Funding Proportions. If (a) a loan is to be made to the Partnership or any Investment Entity, (b) such loan is guaranteed by any Partners or their Affiliates (which guaranty shall occur only upon the Approval of such Partner), (c) a Partner or an Affiliate of a Partner is required to pay, and pays, money on account of such guaranty (including payments made pursuant to the Managing General Partner Guaranties), and (d) the Partner making (or whose Affiliate made) such payments is entitled to be indemnified by the Partnership with respect to such payments under Section 5.5.2 and, after liquidating the Partnership's assets in order to satisfy the indemnity contained in Section 5.5.2, there are insufficient proceeds to entirely satisfy the indemnity obligation of the Partnership to such Partner or such Affiliate with respect to such payments, then the other Partners (the "Recontributing Partners") shall be required to make Capital Contributions to the Partnership, within ten (10) Business Days after receiving notice requesting reimbursement from the Partner making (or whose Affiliate made) such payments, which notice may be given at any time after the events described in clauses (a) through (d) of this Section 3.5.4 have occurred (or, if later, the Determination Date described in Section 5.9 with respect to such reimbursement), in the amount necessary for (i) the Partner (and its Affiliates) making such payments, and (ii) the Recontributing Partners, to bear the portion of such payments that has not been reimbursed under Section 5.5.2 ("Unreimbursed Payments") in the "Appropriate Sharing Ratio" (defined below). In no event shall a Partner be required to make Capital Contributions pursuant to this Section 3.5.4 in excess of the aggregate amount distributed to the Recontributing Partner pursuant to Sections 4.1 and 4.2.3. Any such Capital Contributions so made shall immediately be distributed to the Partner who made, or whose Affiliate made, such payments.

The Appropriate Sharing Ratios of the Partners with respect to Unreimbursed Payments shall be determined as follows:

3.5.4.1 With respect to the portion of the Unreimbursed Payments that does not exceed the aggregate amounts distributed to the Partners for all periods pursuant to Section 4.1(d), such Appropriate Sharing Ratio of each Partner shall be the percentage of such distributions so received by such Partner; and

3.5.4.2 With respect to the portion of the Unreimbursed Payments

exceeding the aggregate amounts distributed to the Partners for all periods pursuant to Section 4.1(d), such Appropriate Sharing Ratio of each Partner shall be such Partner's Funding Proportion.

3.5.5 REFERENCES TO REGULATIONS. Any reference in this Agreement to a provision of final, proposed and/or temporary Regulations shall, in the event such provision is modified or renumbered, be deemed to refer to the successor provision as so modified or renumbered, but only to the extent such successor provision applies to the Partnership under the effective date rules applicable to such successor provision or the Partners otherwise so reasonably Approve under applicable elections contained in such Regulations.

3.5.6 TAX DEFINITIONS.

3.5.6.1 "NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulations Section 1.704-2(c). The amount of Nonrecourse Deductions for a Partnership Accounting Year equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain during that fiscal year, over the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined according to the provisions of Regulations Section 1.704-2(c).

3.5.6.2 "NONRECOURSE LIABILITY" has the meaning set forth in Regulations Section 1.704-2(b)(3).

3.5.6.3 "PARTNER NONRECOURSE DEBT MINIMUM GAIN" means an amount with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a

Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(2).

3.5.6.4 "PARTNER NONRECOURSE DEBT" has the meaning for such term set forth in Regulations Section 1.704-2(b)(4).

3.5.6.5 "PARTNER NONRECOURSE DEDUCTIONS" has the meaning for such term set forth in Regulations Section 1.704-2(i). The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Accounting Year equals the excess, if any, (i) of the net increase, if any, in the amount of the Partnership Minimum Gain attributable to such Partner Nonrecourse Debt during such Partnership Accounting Year, over (ii) the aggregate amount of any distributions during such year to the Partner that bears the economic risk of loss for such Partner Nonrecourse Debt to the extent such distributions are from proceeds of such Partner Nonrecourse Debt and are allocable to an increase in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined according to the provisions of Regulations Section 1.704-2(i).

3.5.6.6 "PARTNERSHIP MINIMUM GAIN" has the meaning ascribed to such term in Regulations Section 1.704-2(d)(1) (and includes the Partnership's share of the Partnership Minimum Gain of any Investment Entity).

3.6 INTENT OF ALLOCATIONS. The parties intend that the foregoing tax allocation provisions of this Article 3 shall produce final Capital Account balances of the Partners that would permit liquidating distributions, if such distributions were made in accordance with final Capital Account balances (instead of being made in the order of priorities set forth in Sections 4.1 and 4.2.3), to be made (after unpaid loans and interest thereon, including those owed to Partners have been paid) in a manner identical to the order of priorities set forth in Sections 4.1. and 4.2.3. To the extent that the tax allocation provisions of this Article 3 would fail to produce such final Capital Account balances, (i) such provisions shall be amended by the Partners if and to the extent necessary to produce such result and (ii) taxable income and taxable loss of the Partnership for prior open years (or items of gross income and deduction of the Partnership for such years) shall be reallocated among the Partners to the extent it is not possible to achieve such result with allocations of items of income (including gross income) and deduction for the current year and future years, as reasonably Approved by the Partners. This Section 3.6 shall control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

3.7 BASIS ELECTIONS. In the event of a transfer of all or any part of a Partner's interest in the Partnership, the Partnership shall elect to adjust the basis of the Partnership's assets under Code Section 754 if reasonably Approved by the Partners. The transferor or transferee of a Partnership interest shall pay all costs of preparing and filing all instruments or documents necessary to effectuate such election if made.

3.8 GENERAL ALLOCATION RULES. The General Partners shall cause the Profit and Loss of the Partnership and Gain or Loss on Disposition be allocated by the Partnership's accountants with respect to each Partnership Accounting Year (or part thereof) as of the end of, and within ninety (90) days after the end of, such year, or as soon thereafter as is practically possible. All Profit and Loss and Gain or Loss on Disposition shall be allocated to the Partners shown on the records of the Partnership to have been Partners as of the last day of the Partnership Accounting Year for which such allocation is to be made, except that, if a Partner sells or exchanges its interest in the Partnership or otherwise is admitted as a substituted Partner, the Profit or Loss and Gain or Loss on Disposition shall be allocated between the transferor and the transferee by taking into account their varying interests during the Partnership Accounting Year in accordance with Code Section 706(d), using the interim closing of the books method or such other method as shall be reasonably Approved by the Partners.

3.9 SHARING OF PARTNERSHIP NONRECOURSE DEBT AND NONRECOURSE DEDUCTIONS. Throughout the term of the Partnership, the nonrecourse debt of the Partnership (other than Partner Nonrecourse Debt) and the Nonrecourse Deductions of the Partnership shall be allocated for tax purposes among the Partners in accordance with their respective Funding Proportions. To the extent that any Partner's share of such nonrecourse debt as so specified exceeds the amounts referred to in Regulations Sections 1.752-3(a)(1) and (2), it is intended that the foregoing shares shall be viewed and treated as reasonably consistent with allocations

(which have substantial economic effect) of some significant item of partnership income or gain within the meaning of Regulations Section 1.752-3(a)(3).

3.10 ADJUSTMENT OF GROSS ASSET VALUE. Gross Asset Value, with respect to

any asset, shall be the adjusted basis for federal income tax purposes of that asset, except as follows:

3.10.1 The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the fair market value of the asset on the date of the contribution, as reasonably Approved by the Partners.

3.10.2 The Gross Asset Values of all Partnership assets shall be adjusted to equal the respective fair market values of the assets, as reasonably Approved by the Partners (subject to Section 5.10(iii)):

3.10.2.1 If the Partners reasonably Approve that an adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership, as a result of (i) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a DE MINIMIS capital contribution; or (ii) the distribution by the Partnership to a Partner of more than a DE MINIMIS amount of Partnership property as consideration for an interest in the Partnership; and

3.10.2.2 As of the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g).

3.10.3 The Gross Asset Value of any Partnership asset distributed to any Partner shall be the gross fair market value of the asset on the date of distribution as reasonably Approved by the Partners (subject to Section 5.10(iii)), less any liabilities assumed by the distributee Partner or to which such asset is subject as of the time of distribution.

3.10.4 The Gross Asset Values of Partnership assets shall be increased or decreased to reflect any adjustment to the adjusted basis of the assets under Code Section 734(b) or 743(b), but only to the extent that the adjustment is taken into account in determining Capital Accounts under Regulations Section 1.704-1(b)(2)(iv)(m), provided that Gross Asset Values shall not be adjusted under this Section 3.10.4 to the extent that the Partners reasonably Approve that an adjustment under Section 3.10.2 is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment under this Section 3.10.4.

After the Gross Asset Value of any asset has been determined or adjusted under Section 3.10.1, 3.10.2 or 3.10.4, Gross Asset Value shall be adjusted by the depreciation taken into account with respect to the asset for purposes of computing Profits or Losses.

Section 8.3.8 contains special rules for valuing distributions of property other than cash that is received by the Partnership in connection with the disposition of Partnership (or Investment Entity) assets.

3.11 TAX PAYMENT LOANS. On or before April 15 of each year, the Partnership shall, upon the written request of any Partner who is not a Terminated Partner ("Borrowing Partner"), lend (to the extent the Partnership has available funds, determined prior to making distributions for the preceding calendar year) (a "Tax Payment Loan") to the Borrowing Partner an amount equal to the lesser of (i) the excess of (a) the Borrowing Partner's allocation of Profits (computed without regard to tax-exempt income), Gain on Disposition (as recomputed for tax purposes with reference to adjusted tax basis) and other items of taxable income of the Partnership for the preceding calendar year, reduced by the Borrowing Partner's allocation of Losses (computed without regard to tax- exempt income), Loss on Disposition (as recomputed for tax purposes with reference to adjusted tax basis) and other tax deductible items of the Partnership for the preceding calendar year, multiplied by the Maximum Tax Rate, over (b) the Borrowing Partner's distributions from the Partnership for such preceding calendar year; or (ii) the excess of (a) the Borrowing Partner's cumulative allocations of Profits (computed without regard to tax-exempt income), Gain on Disposition (as recomputed for tax purposes with reference to adjusted tax basis) and other items of taxable income of the Partnership from the Agreement Date through the end of the preceding calendar year, reduced by the Borrowing Partner's cumulative allocation of Losses (computed without regard to tax-exempt income), Loss on Disposition (as recomputed for tax purposes with reference to adjusted tax basis) and other tax deductible items of the Partnership from the Agreement Date through the end of the preceding calendar year, multiplied by the Maximum Tax Rate applicable to such allocations, over (b) the sum of (x) the Borrowing Partner's cumulative distributions from the Partnership from the Agreement Date through the end of the preceding calendar year (net of repayments thereof under Section 4.3.2) and (y) the outstanding balance(s) of all the unpaid Tax Payment Loans to such Borrowing Partner. A copy of any request for a Tax Payment Loan shall be given by the requesting Partner to the other Partner. Such loan shall bear interest at an annual rate equal to the lesser of (1) ten percent (10%) per annum, or (2) the maximum interest rate permitted by law, and shall be repayable both (A) out of future distributions to the Borrowing Partner (such payment to be made by withholding such distributions, with such distributions being deemed to have been

distributed to the Borrowing Partner and then paid by the Borrowing Partner to the Partnership), and (B) if earlier, upon the liquidation of the Partnership or upon demand following the Borrowing Partner's ceasing for any reason to be a Partner hereunder, which payments shall be made from (x) the distributions otherwise payable to such Partner in connection with the liquidation (such amounts being deemed to have been distributed to such Partner and then paid by such Partner to the Partnership) and (y) to the extent such distributions are insufficient, from such Partner's other assets. If Tax Payment Loans are made to any of the Highridge Partners, each of John S. Long and Eugene S. Rosenfeld shall be personally and severally (but not jointly) liable for the payment of fifty percent (50%) of (I) the unrepaid balance of any such Tax Payment Loan made to the Highridge Partners after applying clauses (A) and (B) of the preceding sentence of this Section 3.11 for all periods, plus (II) the costs of collection, including reasonable attorneys fees and expenses. Payments shall first be applied to unpaid interest and then principal. Tax Payment Loans made to a Borrowing Partner shall be full recourse loans to such Borrowing Partner and shall be evidenced by promissory notes in form Approved by the Partners. To the extent an allocation of Profits, Gain on Disposition or other items of taxable income to a Borrowing Partner with respect to which a Tax Payment Loan is to be made are

attributable to one or more Investment Entities and the Partnership does not otherwise have sufficient funds to make any Tax Payment Loan requested by such Borrowing Partner, the Partnership shall seek to borrow from the Investment Entities the necessary amounts (each such loan an "Investment Entity Tax Loan"). The Partners shall use reasonable efforts to cause each Investment Entity Agreement, including those with third parties, to provide for the making of Investment Entity Tax Loans to the Partnership to the extent required. Each Investment Entity Tax Loan shall bear interest at the same rate as a Tax Payment Loan and shall be repayable at the same time as the related Tax Payment Loan is repayable above, with payments first being applied to interest and then principal and paid by the Partnership to the appropriate Investment Entity. Except as provided in this Section 3.11, in no event shall the Partnership or any Investment Entity be required to borrow money or to sell any asset in order to fund any Tax Payment Loan. Notwithstanding anything to the contrary contained in this Section 3.11, no Tax Payment Loan shall be made by the Partnership with respect to any calendar year without the Approval of the Mack-Cali Limited Partner unless the Tax Payment Loan for such year is at least $250,000.

3.12 APPROVALS RELATING TO TAX ISSUES.

Notwithstanding anything to the contrary contained in this Agreement, except as provided in this Section 3.12, during all periods except after the Mack-Cali Limited Partner has become a Terminated Partner, all material tax elections, other decisions relating to taxes and tax returns, require only the reasonable Approval of the Mack-Cali Limited Partner unless it then is a Terminated Partner, PROVIDED, HOWEVER, that Highridge GP (unless it is then a Terminated Partner) shall reasonably Approve any settlement with the Internal Revenue Service or any other tax authorities (whether under Section 5.4 or otherwise), and any extension of the statute of limitations, with respect to the Highridge Partners. Notwithstanding the other provisions of this Section 3.12, and during all periods, the determination of Gross Asset Value for any property shall require the reasonable Approval of the Partners, subject to the provisions of Section 5.10(iii).

ARTICLE 4

LOAN REPAYMENTS AND DISTRIBUTIONS

4.1 NET AVAILABLE CASH, NET MORTGAGE PROCEEDS AND CAPITAL RECEIPTS. The General Partners shall cause the Partnership's accountants (i) at the end of each quarter, to determine the amount of Net Available Cash and, (ii) upon the occurrence of any event giving rise to Net Mortgage Proceeds or Capital Receipts, to determine the amount of such Net Mortgage Proceeds and Capital Receipts, if any. Subject to the Partnership's obligation, if any, to make Tax Payment Loans under Section 3.11, all Net Available Cash, Net Mortgage Proceeds and Capital Receipts for any period shall be distributed in the following order of priority, within thirty (30) days after the end of each calendar quarter, after first repaying any loans to the Partnership from the Partners under Sections 2.2.2.1 and 2.4 except as provided in this Section 4.1 (loans which have been outstanding the longest shall be repaid first and if two or more Partners have loans which have been outstanding for equal periods, repayment of such loans shall be made pro rata, in proportion to such Partners' then respective loan balances, with payments first repaying accrued but unpaid interest and then repaying principal), and subject to the terms of Sections 4.2, 4.3 and 8.3.8 (and subject to recontribution to the Partnership as provided in

Section 4.3.2):

(a) First, distributions shall be made to the Mack-Cali Partners to the extent of, and in proportion to, their respective Undistributed Preferred Return;

(b) Next, the balance shall be distributed to the Highridge Partners to the extent of, and in proportion to, their respective Undistributed Preferred Return;

(c) Next, the balance shall be distributed to the Partners, pro rata, to the extent of, and in proportion to, their respective Invested Capital;

(d) Next, the balance shall be distributed to the Partners, pro rata, in proportion to their respective Residual Percentages.

4.2 PROCEEDS AND DISTRIBUTIONS IN LIQUIDATION. Subject to Section 8.3.8, the proceeds received by the Partnership in connection with the liquidation and winding up of the Partnership shall be applied in the following order of priority:

4.2.1 First, to the payment of creditors of the Partnership (other than the repayment of any unpaid Partner loans) except secured creditors whose obligations will be assumed or otherwise transferred on a liquidation of the Partnership property or assets;

4.2.2 Next, to the payment of the expenses incurred in dissolution and termination and then to the repayment of any unpaid Partner loans in the same priority as is described in Section 4.1; and

4.2.3 The balance, if any, shall be distributed to the Partners in the order of priority set forth in Section 4.1.

4.3 GENERAL DISTRIBUTION RULES.

4.3.1 The timing and amount of all distributions shall be in accordance with Sections 4.1, 4.2, 8.3.8, 8.5 and 8.6. All distributions of cash shall be made to the Partners shown on the records of the Partnership to have been Partners on the date of the distribution. All distributions, upon request by a Partner, shall be made by wire transfer in immediately available funds to such Partner's account specified in such request. Distributions of Net Available Cash, Net Mortgage Proceeds and Capital Receipts made to a Partner shall be deemed to be advances on account of such Partner's share of the distributable amounts thereof. For purposes of this Agreement, the term "distributable" with respect to such distributions shall mean the amount of such distributions as finally determined pursuant to the provisions of this Agreement by the Partnership's accountants for the Partnership Accounting Year in respect of which they were made and for the term of the Partnership.

4.3.2 The Partnership's accountants shall determine whether there has been an over-distribution to any Partner occurring by reason of a mistake at the following times: (i) within one hundred twenty (120) days after the end of each Partnership Accounting Year and (ii) cumulatively during the term of this Agreement within One Hundred Twenty (120) days after any disposition of an Investment by the Partnership or all or substantially all of the investments of any Investment Entity. Any over-distribution to any Partner in respect of either a Partnership Accounting Year or during the term of this Agreement shall be repaid by such Partner to the Partnership and distributed to the Partner which has received an under-distribution not later than thirty (30) days after any Partner has given notice thereof to the other Partners, which notice shall be given as soon as is practicable after the end of such Partnership Accounting Year or such disposition of an Investment, as applicable. If not paid within thirty (30) days of such notice, the amount of any over-distribution shall thereafter accrue interest at the lesser of (i) fifteen percent (15%) per annum or (ii) the highest rate, if any, that would be permitted by applicable law under these conditions. Such returned over-distribution and any interest paid with respect thereto as provided in this Section 4.3.2 shall be promptly distributed by the Partnership to the Partners receiving any under-distribution to the extent necessary to eliminate such under-distribution. Notwithstanding anything to the contrary in this Agreement, the obligation of the Partner receiving an over-distribution to return such over-distribution to the Partnership and any interest thereon shall constitute a recourse obligation of such Partner (but not to the partners, members, managers, officers or shareholders of such Partner or its members or partners). Any over-distribution returned to the Partnership shall have the same character as the character of the corresponding, earlier distribution to the Partner which received such over-distribution. To the extent that any Partner or its Affiliates receives any commitment fee, finders fee or other compensation (that is not expressly permitted by this Agreement) by reason of the Partnership's or an Investment Entity's participation in an Investment or a Property, such fee or compensation shall be deemed to be Net Available Cash of the Partnership when paid, and to the extent such fee or compensation is received by such Partner or its

Affiliates and not by the Partnership, such fee or compensation shall be deemed to be an over-distribution to such Partner under this Section 4.3.2 that must be paid to the Partnership (any such Partner shall notify the other Partners of the receipt thereof immediately upon receipt by it or its Affiliates).

4.4 SOURCE OF DISTRIBUTIONS. Except as provided in Section 4.3.2, each Partner shall look solely to the assets of the Partnership for the return of its Capital Contributions and its share of distributions and shall have no recourse upon dissolution or otherwise against the other Partners except as provided in this Agreement. No holder of an interest in the Partnership shall have any right to receive any distributions except as provided in this Agreement or any right to demand or receive property other than cash upon dissolution and termination of the Partnership.

ARTICLE 5

MANAGEMENT; DUTIES AND POWERS OF THE MANAGING GENERAL PARTNER; RIGHTS AND DUTIES OF MANAGING GENERAL PARTNER

5.1 MANAGEMENT OF BUSINESS; OFFICERS; PARTNER OBLIGATIONS; REIMBURSEMENTS; MAJOR DECISIONS; RETAINED APPROVALS.

5.1.1 MANAGEMENT; POWERS. Subject to the Approval rights of the Partners under this Agreement, the Partnership shall be managed by the Managing General Partner, and no Limited Partner shall take part in the control of the Partnership's business. The Managing General Partner of the Partnership shall be Highridge GP unless and until replaced by a Co-General Partner as provided in Section 7.9.5 (thereafter, such Co-General Partner shall be the Managing General Partner). Except as otherwise provided in this Agreement (including the right of the Mack-Cali Limited Partner to Approve Major Decisions under Section 5.1.5 and certain other Approvals granted to the Mack-Cali Limited Partner under this Agreement), the Managing General Partner shall be responsible for supervising and undertaking the business of the Partnership, implementing the supervision procedures set forth on Exhibit J for employees of the Highridge Partners and Affiliates of the Highridge Partners who are performing work relating to the Partnership and the Properties, and shall make all decisions affecting the day-to-day operations of the Partnership and the Investments and the Properties. Except to the extent the Approval of the Partners, or the Approval of the General Partners, or the Approval of a Mack-Cali Partner is expressly required under this Agreement, no consent or Approval of any Limited Partner or Co-General Partner shall be required with respect to any action or decision of the Managing General Partner regarding Partnership or Investment Entity matters. Whenever the Approval of the Partners is required, the Partners shall act through their Authorized Representatives as provided in Section 1.12. No Partner shall receive any compensation for serving as a General Partner or as the Managing General Partner. Each Partner shall cause each of its Authorized Representatives to devote as much time as is reasonably necessary to fulfill such Partner's obligations under this Agreement.

The Managing General Partner, at Partnership expense, shall be responsible for obtaining and providing the Partners (within a reasonable time after request therefor has been made by any Partner) with any information that the Managing General Partner reasonably deems appropriate (or that the Mack-Cali Partners have requested) with respect to the Partnership, Investment Entities, Investments and Properties, conducting due diligence

concerning proposed Investments and Properties, negotiating the purchase on behalf of the Partnership of any Investments or Properties that are Approved by the Partners for acquisition, and supervising and implementing the acquisition, financing, development, stabilization and marketing programs that have been Approved by the Partners, all pursuant to the supervision procedures set forth on Exhibit J. The Partners hereby Approve the acquisition and development of the Lava Ridge Land pursuant to the Approved Development Plan with respect thereto that is described on Exhibit C, and each Partner shall use its reasonable efforts to cause the Partnership and/or an Investment Entity to obtain construction financing on such Property as soon as possible after the execution and delivery of this Agreement as necessary to implement such Approved Development Plan (any Partner may propose such financing to the other Partners for their Approval). At Partnership expense, the Highridge Partners shall provide to the Mack-Cali Partners any information in the possession of the Highridge Partners or their Affiliates concerning the Lava Ridge Land or any other Property within a reasonable time after written request therefor is received from the Mack-Cali Limited Partner. Each General Partner, in extension and not in limitation of the powers given to it by law or this Agreement, shall have full power and shall have the obligation, without the necessity of obtaining the Approval of any other Partner (except as otherwise set forth in this Agreement), and at the expense of the Partnership, to take all actions required to conduct the day-to-day operations of the Partnership and, subject to

the availability of Partnership funds and the funding limitations of Section 5.1.3.5, implement the Major Decisions and other decisions that have been Approved by the Partners and pay expenses of the Partnership to the extent the Approval of the other Partners with respect thereto is not required under this Agreement. The Managing General Partner shall not have the power to implement any Major Decision unless such Major Decision has been Approved by the Partners, as set forth in Section 5.1.6.2 hereof. The Managing General Partner shall negotiate all documents with respect to Investment and Property transactions that are Approved by the Partners (or are permitted to be entered into without such Approval as provided in this Agreement), including contracts with surveyors, architects, governmental authorities and others concerning entitlements, easements, surveying, landscaping, insuring, zoning, construction, grading, improvements, and the like, all leases of space in the Properties on behalf of any Investment Entity, offers and terms of sale of the Partnership and Investment Entity assets, and contracts for necessary goods or services or borrowings regarding the Investments and Properties; all to the extent Approved by the Partners from time to time to the extent such Approval is required pursuant to this Agreement. The execution by any General Partner of any document shall be sufficient to bind and shall be binding upon the Partnership for all purposes, and third parties shall be entitled to rely on the authority of the Managing General Partner to take any action on behalf of the Partnership. Notwithstanding the foregoing, (i) the Managing General Partner shall not take any action requiring Approval of the Partners, or the Approval of the General Partners, or the Approval of a Mack-Cali Partner under this Agreement unless the provisions of this Agreement concerning such Approval have been satisfied, and (ii) except as otherwise provided in Section 5.9, no Co-General Partner shall exercise any authority with respect to the matters with respect to which authority and responsibility has been given to the Managing General Partner hereunder unless and until (a) the Managing General Partner has become a Terminated Partner or a Removal Default has occurred with respect to the Managing General Partner (thereafter, the Mack-Cali Limited Partner may cause any Co-General Partner appointed by it to become the Managing General Partner and to assume such authority and

responsibility as provided in Section 7.9), or (b) a Performance Default has occurred with respect to the Managing General Partner concerning an Investment or Property (thereafter, the Mack-Cali Limited Partner shall have the rights described in Section 5.10(ii) and Section 7.9.5 with respect to such Property). The Managing General Partner (or a Co-Managing General Partner that has become the Managing General Partner under Section 7.9) shall use its reasonable efforts to comply with all provisions of this Agreement, and, at Partnership expense, to cause the Partnership to comply with all applicable laws and regulations. The cost of preparing any Investment Entity Agreement shall be a Partnership expense.

Subject to the other provisions of this Agreement including required Approvals of the Partners under this Agreement, the Partnership, the General Partners and the Partnership's officers appointed on its or their behalf under Section 5.1.4.1 are hereby authorized:

5.1.1.1 Subject to the Approved Budget limitations of Article 5, to pursue any rights of the Partnership (and cause each Investment Entity to pursue any rights of such Investment Entity) with respect to each Investment and Property pursuant to any agreement to which it (or such Investment Entity) is a party, and to own and operate any Investment or any other asset acquired by the Partnership pursuant to the provisions of this Agreement, including taking the actions described in Section 1.5;

5.1.1.2 To own the Investments (including Partnership Interests) for investment purposes and to finance, sell, convey, assign, transfer (including by contribution to a real estate investment trust or to a partnership, limited liability company or any other Entity in which a real estate investment trust is a partner, member or owner of equity ownership interests (collectively, a "REIT")) or mortgage the Investments (including the Partnership Interests), any other asset of the Partnership or any of them, as well as any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership, all on terms as shall be Approved by the Partners;

5.1.1.3 To acquire by purchase or lease, any real or personal property that may be necessary, convenient or incidental to other the accomplishment of the purposes of the Partnership, including Investments and interests in Investment Entities, and to cause Investment Entities to do so;

5.1.1.4 To operate, maintain, improve, develop and lease any assets acquired by the Partnership (and to cause Investment Entities to do so with respect to assets acquired by them);

5.1.1.5 To cause the Partnership to take any and all actions necessary convenient or appropriate as a general partner or limited partner of any partnership or as a member and/or manager of any limited liability company in which the Partnership has an interest and exercise all rights or powers

relating thereto and execute appropriate documents on behalf of the Partnership in connection therewith;

5.1.1.6 To borrow money on behalf of itself or cause Investment Entities to do so (whether secured or unsecured) and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership or any Investment Entity, and to secure the same by mortgage, deed of trust, pledge or other lien on any assets of the Partnership or any Investment Entity;

5.1.1.7 To borrow money on the general credit of the Partnership or any Investment Entity (and to cause Investment Entities to do so) for use in the Partnership or any Investment Entity business;

5.1.1.8 To enter into, perform and carry out contracts of any kind, including contracts with Affiliates of any of the Partners, necessary to, in connection with or incidental to the accomplishment of the purposes of the Partnership or any Investment Entity;

5.1.1.9 To issue Funding Notices calling for additional Capital Contributions in accordance with the provisions of this Agreement;

5.1.1.10 To enter into any kind of lawful activity and to perform and carry out contracts of any kind necessary to or in connection with or incidental to the accomplishment of the purposes of the Partnership, so long as said activities and contracts may lawfully be carried on or performed by a limited partnership under the laws of the states in which the Partnership is qualified to do business. Each General Partner is hereby authorized to cause the Partnership to execute and deliver all documents and instruments necessary or appropriate, in the reasonable judgment of such General Partner, to close any of the transactions that have been Approved by the Partners (or that do not require the Approval of the Partners or the Approval of the General Partners). Except as otherwise provided in this Agreement, no Partner shall cause the Partnership to execute and deliver any acquisition, conveyance, loan or lease documents without first obtaining the Approval of the Partners to the Material terms of such document. The Material terms with respect to certain of the entitlement, acquisition, development, and leasing documents for the Lava Ridge Land have been Approved by the Partners and are contained in the Approved Development Plan referred to on Exhibit C. The Material terms of any other document in connection with the acquisition, entitlement, development, conveyance, loan or lease of a Property will be deemed to have been Approved by the Partners if the actions described on Exhibit L ("Operating Approval Standards") have been Approved by the Partners with respect to such Property. Notwithstanding anything to the contrary contained in this Agreement, the Mack-Cali Limited Partner shall have the right to Approve the final version of any acquisition, conveyance, loan or lease document to which the Partnership or any Investment Entity is to become a party if the Mack-Cali Limited Partner has specifically requested by notice to Highridge GP that it Approve the final version of such document before it is entered into; PROVIDED, HOWEVER, that the Managing General Partner may, without the Approval of any Mack-Cali Partner being required, execute and deliver on behalf of the Partnership or any Investment Entity any lease of space in a Property unless any of the following applies (in which case, the Mack-Cali Limited Partner shall have the right to Approve such lease): (a) the lease has a term of less than five (5) years (determined without regard to renewal rights granted to the tenant thereunder and with regard to early termination rights of the tenant thereunder), (b) the lease

has a term of greater than ten (10) years (including any tenant renewal rights that are not exerciseable at market rates in effect at the time of renewal), (c) the lease covers greater than 15% of the rentable space in a Property or greater than 20,000 square feet of the rentable space in a Property, (d) the lease rents are more than 5% below the budgeted rental rate set forth in the most recent Approved Budget with respect to such Property, (e) the lease provides for payment by the Partnership or an Investment Entity of tenant improvements that are more than 5% above the permitted tenant improvement amount parameters that have been Approved in advance by the Partners for such Property (or, if no such tenant improvement parameters have been Approved in advance by the Partners, the lease provides for such payment of tenant improvements that are more than $30 per square foot of rentable space), (f) the aggregate leasing commissions payable by the Partnership and Investment Entities in connection with the lease are more than 5% above the leasing commission parameters that have been Approved by the Partners (or if no such leasing commission parameters have been Approved in advance by the Partners, more than 5% above prevailing market rate commissions then in effect for similar properties in similar locations), or (g) the lease form is materially different from the standard form of lease that has been Approved in advance by the Partners for such Property; PROVIDED, HOWEVER, that once the terms of such documents have been Approved by the Partners, any General Partner may cause the Partnership to execute and deliver any such

documents with such changes thereto as shall be reasonably Approved by the General Partners, without further Approval of the Partners being required unless such change adversely affects the Partnership in a Material manner, and only one General Partner's execution of such documents shall be required on behalf of the Partnership in order for such documents to be binding on the Partnership. Third parties shall be entitled to rely on the authority of any General Partner to execute and deliver any document on behalf of the Partnership without the execution thereof by any other Partner being required. For purposes of this Agreement, the term "Material" (or any variation thereof) means any item that (i) would result in a difference to the Partnership of at least $100,000 with respect to any such item, or at least $500,000 in the aggregate for all such items, in each case for any 12-month period, or (ii) would result in a change in the scope of any Property development as set forth in an Approved Development Plan. All construction contracts having payments exceeding $100,000 shall require competitive bids, copies of which shall be submitted to the Mack-Cali Limited Partner for review before any such contract is entered into; and

5.1.1.11 To enter into and to perform the Partnership's obligations under any other agreement to which it becomes a party (and cause any Investment Entity to do so).

5.1.2 COMPENSATION; REIMBURSEMENT. No compensation shall be payable by the Partnership to any Partner or to an Affiliate of any Partner unless provision for such compensation is made (a) in the Approved Development Plan (including the Approved Budget and Approved Overhead Budget) attached as Exhibit C that has been Approved by the Partners with respect to the Lava Ridge Land, or (b) in any other subsequent Approved Development Plan. Unless reimbursement is prohibited under Section 5.5 or another provision of this Agreement, the Partnership shall reimburse each Partner for its actual and reasonable out-of-pocket expenses incurred in connection with Partnership business to the extent such Partner is authorized to take the action resulting in such expenses and is not otherwise

reimbursed with respect thereto under this Agreement or pursuant to an Approved Development Plan, subject to Sections 2.3 and 5.5.

5.1.3 BUDGETS

5.1.3.1 ANNUAL OPERATING BUDGET; INVESTMENT BUDGETS; OVERHEAD BUDGETS. The Managing General Partner shall include in each proposed Development Plan a proposed budget in connection with each Property and related Investment, including the reasonably anticipated cash receipts therefrom, and the reasonably anticipated costs of owning and operating such Property and Investment, including costs of acquisition, insurance, entitlement, zoning, development, landscaping, easements, subdivision, grading, infrastructure, surveying, advertising, governmental approvals, operation, development, management, leasing (including tenant improvements to be funded by the Partnership if Approved by the Partners), repair, maintenance and renovation of the Property for each Partnership Accounting Year, and shall deliver the same to the Mack-Cali Limited Partner for its review and Approval. Each such budget shall contain the amount to be (i) expended from reserves with respect to each Investment, and (ii) added to the reserves of the Partnership with respect to each Investment, including reserves required by lenders to the Partnership. Each such budget shall also forecast the amount and timing of distributions to the Partnership with respect to each Investment for the period covered by such budget. At least annually (within 30 days prior to year-end), the Managing General Partner shall also prepare and submit to the Partners for Approval a budget for the operation of the Partnership for the following year that covers those projected costs, if any, of operating the Partnership to the extent the same are not contained in the Approved Budgets in effect for the Investments and Properties for such period (such budget to require the Approval of the Partners before it becomes an Approved Budget). The initial Approved Partnership operating budget is contained in the Approved Development Plan described on Exhibit C. The Highridge Partners shall be entitled to receive non-accountable overhead payments from the Partnership in connection with the services performed by them, their Affiliates and the employees thereof for the benefit of the Partnership and the Investment Entities with respect to the Lava Ridge Land (in full reimbursement of all of their internal costs with respect thereto, and those of their Affiliates and employees and partners thereof), payable in advance on the first day of each month in twenty four (24) equal monthly installments commencing as of August 1, 1998, equal (and limited in the aggregate) to 2.5% of total development costs with respect thereto (the "Overhead Payments") pursuant to the Approved Budget for such Properties (the amount described in an Approved Budget for such Overhead Payments is referred to as the "Approved Overhead Budget"). The obligation to make Overhead Payments shall be a Partnership expense and shall be payable prior to making distributions to Partners. The unpaid Overhead Payments that are payable to the Highridge Partners shall be limited to actual cost reimbursement (excluding the salary, benefits and other compensation of John S. Long, Eugene S. Rosenfeld and Steven A. Berlinger) from and after the date on which any Highridge Partner has become a Terminated Partner or has committed a Removal Default. The initial Approved Budget (including the Approved Overhead Budget) for the Lava Ridge Land

is contained in the Approved Development Plan for such Property that is described in Exhibit C and is hereby Approved by the Partners and shall constitute the Approved Development Plan with respect thereto.

5.1.3.2 APPROVED BUDGETS. Each Authorized Representative of the Mack-Cali Limited Partner shall have a period of ten (10) Business Days after a proposed budget is submitted to them (whether or not submitted as part of a proposed Development Plan) to notify the Managing General Partner in writing (i) whether such Authorized Representative, on behalf of the Mack-Cali Limited Partner, Approves the proposed budget or (ii) of any revisions such representative believes should be made to such proposed budget. A proposed budget (or any proposed revision thereof) shall not be deemed to have been Approved by the Mack-Cali Limited Partner unless actually Approved by at least one Authorized Representative of the Mack-Cali Limited Partner within such ten-day period. If at least one Authorized Representative of the Mack-Cali Limited Partner so Approves a proposed budget (or a Development Plan in which such budget is contained), such budget shall be deemed Approved by the Partners and shall constitute an "Approved Budget" for the Partnership for the applicable Partnership Accounting Year covered thereby. If within such ten (10) Business Day period, the Mack-Cali Limited Partner does not Approve a budget for the applicable Partnership Accounting Year with respect to any Investment or Property, then the most recent Approved Budget for such Investment or Property other than items in such budget consisting of additional investment outlays that may be made at the discretion of the Partnership (such discretionary outlays are referred to as "Discretionary Outlays"), shall continue as the Approved Budget for the next Partnership Accounting Year with the following exceptions: (a) all extraordinary items for the current Partnership Accounting Year shall be deleted; and (b) Non-Discretionary Items for the upcoming Partnership Accounting Year shall be included at the actual cost.

5.1.3.3 INITIAL BUDGET; SUPPLEMENTS. The initial Approved Budget is contained in the Development Plan described in Exhibit C. The Managing General Partner shall cause the Partnership to prepare supplements or revisions to each Approved Budget from time to time within a reasonable time after it is reasonably likely that such Approved Budget will not be met or after a request for such a supplement or revision is received by the Managing General Partner from the Mack-Cali Limited Partner, or if the Managing General Partner otherwise desires to do so, which supplements or revisions shall be submitted to the Mack-Cali Limited Partner for Approval in the same manner as that which is provided for the Approval of budgets under Section 5.1.3.2 (if and when so Approved, such supplement or, revision shall become part of the Approved Budget to which it relates).

5.1.3.4 DEVELOPMENT PLANS. The initial acquisition and development plan with respect to acquisition, development, renovation and capital improvements, financing, stabilization and marketing currently Approved for the Lava Ridge Land is described on Exhibit C (together with any other development plan that has been Approved by the Partners from time to time, the "Development Plan(s)"). The Managing General Partner shall deliver to the Mack-Cali Limited Partner (within a reasonable time after request therefor is made and the same are available), for the Mack-Cali Limited Partner's Approval, all plans and specifications and any schematic and conceptual presentations for the proposed development of each Property, and shall also deliver to the Mack-Cali Limited Partner within a reasonable time after request such other details and information regarding the Partnership, Investment Entities, Investments and the Properties as the Mack-Cali Limited Partner shall reasonably

request from time to time, including proposals as to the identity of architectural and engineering firms, construction contractors, construction managers, property managers, and other consultants to be used to implement the Subsequent Development Plan. No architectural or engineering firm, construction contractor, construction manager or property manager, shall be retained with respect to any Property without the Mack-Cali Limited Partner's Approval. The Managing General Partner shall modify and update any Development Plan on at least a quarterly basis, if necessary, and submit such proposed modification or update to such Development Plan to the Mack-Cali Limited Partner for its Approval in the same manner as provided in Section 5.1.3.2 with respect to budgets. The Managing General Partner's representatives shall meet with the Mack-Cali Limited Partner's representatives no less frequently than monthly and at any other time reasonably requested by the Mack-Cali Limited Partner (telephonically or in person) to discuss the status of the Properties. In addition, the Managing General Partner shall provide the Mack-Cali Limited Partner with a schedule of renovation and capital improvement meetings (which shall be held weekly) and the Mack-Cali Limited Partner shall have the right to participate in such meetings. The Managing General Partner shall provide the Mack-Cali Limited Partner with a copy of any minutes of such meetings and any materials distributed at such meetings, promptly after such meeting.

5.1.3.5 PERMITTED EXPENDITURES. The Managing General Partner

shall not, without the Approval of the Mack-Cali Limited Partner, make any expenditure of funds of the Partnership or an Investment Entity, or commit to make any such expenditure, other than in response to an Emergency, except as provided for in an Approved Budget (to the extent an expenditure is described in an Approved Budget or is otherwise permitted without Approval under this Section 5.1.3.5, it may be paid if the Partnership has sufficient available funds, whether in reserves or otherwise, to pay such expenditure; and, except as provided in Section 2.1.2, Funding Notices may be issued with respect thereto only upon the Approval of the Mack-Cali Limited Partner); PROVIDED, HOWEVER, the provisions of this Section 5.1.3 shall in no way limit a General Partner's authority to cause the Partnership or an Investment Entity to pay (but not to issue Funding Notices as necessary to do so unless permitted under Section 2.1.2) Emergency expenditures or Non-Discretionary Items when due that are billed to or incurred by the Partnership or any Investment Entity in excess of the amounts budgeted therefor; and PROVIDED, FURTHER, that the Managing General Partner may cause the Partnership to incur up to 110% (less any contingency percentage already contained in the Approved Budget) of the aggregate amount budgeted for expenditures for any period in any Approved Budget (excluding extraordinary expenditures such as acquisition cost and tenant improvements, Overhead Payments and contingency amounts, contained in such Approved Budget) without the further Approval of the Partners being required. Notice of Emergency expenditures or actions shall be given by the General Partner making such expenditures or taking such actions to the other Partners as soon as practicable after such expenditures are made or actions are taken. The General Partners shall use reasonable commercial efforts not to permit the Partnership or any Investment Entity to commit waste with respect to any Property.

5.1.4 EMPLOYEES; DUTIES OF THE MANAGING GENERAL PARTNER.

5.1.4.1 EMPLOYEES. The Partnership shall have no employees unless otherwise Approved by the Partners. The internal compensation and reimbursement costs incurred by the Highridge Partners with respect to any Highridge Partners' employees or partners (or those of their Affiliates) providing services to the partnership or the Investment Entities are intended to be reimbursed through Overhead Payments made pursuant to Section 5.1.3.1 (and, except as provided in Section 5.2(a), additional reimbursement to the Highridge Partners and their Affiliates shall not be made with respect to internal personnel and operating costs).

5.1.4.2 MANAGING GENERAL PARTNER DUTIES. The Managing General Partner shall use its reasonable efforts, subject to the availability of Partnership funds, to acquire the Investments and cause the Investment Entities to acquire the Properties that have been Approved by the Partners for acquisition (limited as of the Agreement Date to the Lava Ridge Land), and to take the other actions that are described in Section 1.5 and 1.11 that have been Approved by the Partners, (ii) cause the Major Decisions and other actions that have been Approved by the Partners to be implemented, (iii) cause proposed Development Plans and budgets to be prepared and submitted to the Partners under Sections 5.1.3 and 5.1.4 for Approval as required pursuant to Section 5.1.6.2, (iv) cause the Partnership to timely issue the reports and tax returns required under this Agreement and (v) undertake its other obligations under this Agreement. No General Partner shall be required to conduct the Partnership's day-to-day operations and implement Major Decisions as such General Partner's sole and exclusive function, and any Partner and its Affiliates may (and expect to) have other business interests and may (and expect to) engage in other activities in addition to those relating to the Partnership, without having or incurring any obligation to offer any interest in such activities to the Partnership, any Investment Entity, or any Partner (or their Affiliates). The Managing General Partner shall be obligated to devote, and cause its Controlling Persons to devote, as much of their business time to the Partnership's business as shall be reasonably required to meet the Managing General Partner's obligations hereunder, which shall be a significant portion of such Controlling Persons' business time.

From and after the Approval of any transaction or action with respect to the Investments or Properties by the Partners, any General Partner shall have the authority, without the further Approval of the Partners being required, (a) to cause the Partnership to proceed to document the transaction with respect to the Investments and Properties on terms that have been Approved by the Partners in all Material respects as provided in (and to the extent required by) Section 5.1.1.10, with such changes thereto as shall be reasonably be Approved by the Partners, without further Approval of the Partners being required unless such change affects the Partnership in a Material manner (as described in Section 5.1.1.10), and (b) to cause the Partnership to execute and deliver, and cause the Partnership to perform its obligations under, the documents to be executed by the Partnership in connection with such transaction (including the acquisition of Investments or Properties pursuant to Acquisition Documents that have been Approved by the Partners), subject to the conditions for doing so that were Approved by the Partners (to the extent such Approval is required), the Approved Budget limitations of Section 5.1.3.5 with respect thereto, and any restrictions on the General Partners' authority that are contained in this Agreement and that may be applicable from time to time.

5.1.5 MAJOR DECISIONS. The following are major decisions (the "Major Decisions") requiring the Approval (or reasonable Approval, if so indicated) of the Partners, except as otherwise provided in this Agreement; PROVIDED, HOWEVER, that a Partner's Approval shall not be required after such Partner has lost its Approval rights under Section 7.9 or another provision of this Agreement except to the extent provided in Section 5.1.6.1:

5.1.5.1 Any act in contravention of this Agreement or extending the term of the Partnership;

5.1.5.2 Any act which would make it impossible to carry on the ordinary business of the Partnership, except the liquidation of the Partnership under the circumstances permitted in Article 8, or the sale, exchange or other disposition of any Partnership Interest or other Investment or any other Partnership or Investment Entity assets that has been Approved by the Partners or otherwise is permitted under this Agreement;

5.1.5.3 Any action which would cause the Partnership to become an entity other than a Delaware limited partnership;

5.1.5.4 Changing the purposes of the Partnership;

5.1.5.5 Amending this Agreement;

5.1.5.6 Making in-kind distributions (except as provided in Section 8.3.8), or causing any Investment Entity to take any action with respect to any Investment Entity asset that would be a Major Decision if such action were taken by the Partners or the Partnership with respect to a Partnership asset;

5.1.5.7 Establishing or adjusting Gross Asset Value under Section 3.10 for any contributed or distributed asset or other Revalued Property (reasonable Approval only, subject to Sections 5.10(iii) and 8.3.8), or Approving the terms of the tenancy-in-common agreement described in Section 8.3.8;

5.1.5.8 Indemnification of any Person other than a Partner or its Affiliates pursuant to Section 5.5.2 or otherwise as permitted by this Agreement or as Approved by the Partners;

5.1.5.9 Except as provided in Sections 3.5.4, 3.11 and 4.3.2, entering into any agreement (i) which would cause any Partner to become personally liable on or in respect of or to guarantee any indebtedness of the Partnership or (ii) which is not nonrecourse to such Partner;

5.1.5.10 Causing the Partnership to redeem or repurchase all or any portion of the interest of a Partner except as provided in Section 7.9, or, except as otherwise provided in Section 5.1.1.10, causing the Partnership to enter into any contract in connection with the acquisition, development, leasing or disposition of any Investment that is not in all

Material respects consistent with the description thereof contained in an Approved Development Plan or which has not otherwise been Approved by the Partners (subject to Section 5.1.1.10, the Approved Budget limitations of Section 5.1.3.5, and the other provisions of this Section 5.1.5, no Approval of the Partners shall be required for any contract under which the aggregate amount payable by the Partnership or the Investment entities will be less than $100,000 per year, other than acquisitions, borrowings, leases, and dispositions of assets; in each case, except to the extent provided in Section 5.1.1.10); or to borrow money from a Partner or its Affiliates except pursuant to Sections 2.2.2 or 2.4;

5.1.5.11 Causing or permitting the Partnership to be merged with any other entity; selling Partnership or Investment Entity assets for consideration, including notes payable, or otherwise disposing of Partnership or Investment Entity assets, including contributions to a REIT;

5.1.5.12 Causing or permitting the Partnership to make a loan to, or enter into any contract with, any Partner or any Affiliate of a Partner, other than Tax Payment Loans permitted under Section 3.11, unless the terms of such loan or contract comply in all material respects with the parameters with respect thereto that have been Approved by the Partners or are contained in an Approved Development Plan;

5.1.5.13 Dissolving, terminating or liquidating the Partnership, except as provided in Article 8 of this Agreement;

5.1.5.14 Disposing of any Property or Investment (or any portion

thereof) or permitting an encumbrance to be placed on Partnership or Investment Entity assets;

5.1.5.15 Incur or pay costs related to the Partnership any Investment or Property by or on behalf of the Partnership in excess of the amounts permitted under Sections 2.3.1 and 5.1.3.5 except pursuant to an Approved Budget;

5.1.5.16 Obtain any third-party loans (including an operating line of credit) on behalf of the Partnership or an Investment Entity, or, execute or deliver on behalf of the Partnership any guarantee or other agreement whereby the Partnership is or may become liable for any obligations of any other Entity;

5.1.5.17 Acquire any Property or Investment other than pursuant to Approved Development Plans, or take any action on behalf of the Partnership that is not within the scope of the Partnership purposes as set forth in Sections 1.5 and 1.11;

5.1.5.18 Modify, prepay or refinance any indebtedness of the Partnership, or any Investment Entity, or select any lenders to make loans to the Partnership or any Investment Entity;

5.1.5.19 Make any distribution except as permitted under this Agreement except in connection with the liquidation of the Partnership under Article 8;

5.1.5.20 Commence, dismiss, terminate or settle any material litigation matter, material condemnation claim, or any other matter or claim (including an insurance claim) in connection with any Property exceeding an aggregate for any Partnership Accounting Year of the greater of (a) $50,000 or (b) 1% of the acquisition and development expenditures made by the Partnership with respect to such Property;

5.1.5.21 Determine the terms of any participation (e.g., distribution and control issues) of third-party investors in the Partnership or any Investment Entity;

5.1.5.22 Except as otherwise provided in Article 7, admit additional or transferee Partners to the Partnership as substituted Partners or enter into financing that participates in profits; or, except as provided in Article 7, permit any Transfer of any interest in the Partnership to the extent Approval of the Partners for such Transfer is required under this Agreement;

5.1.5.23 Confess any judgment against the Partnership or any Investment Entity or cause the Partnership or any Investment Entity to file for Bankruptcy or other relief from creditors;

5.1.5.24 Establish insurance requirements for the Partnership or settle insurance claims in excess of the dollar limit in Section 5.1.5.20;

5.1.5.25 Establish or release reserves for use by the Partnership except pursuant to an Approved Budget or as otherwise provided in this Agreement (reasonable Approval only), or permitting (or requiring) any Partner to make additional Capital Contributions to the Partnership except as expressly provided in this Agreement or issue any Funding Notice except as provided in Section 2.1.2.1(i);

5.1.5.26 Except as provided in Section 5.1.4.2, voluntarily deviate to a Material extent (as provided in Section 5.1.1.10) from the terms of acquisition, disposition or other course of action with respect to any Investment or Property (whether owned by the Partnership or a proposed acquisition) that required the Approval of the Partners (regardless of whether contained in an Approved Development Plan), except that, to the extent actions are permitted to be taken hereunder in connection with an Emergency or an event of Force Majeure and are not prohibited by contracts of the Partnership (including contracts entered into in connection with the acquisition or disposition of Partnership Assets), a General Partner may deviate from any course of action Approved by the Partners as necessary to respond to such Emergency or as is necessary as the result of such event of Force Majeure, subject to the Approved Budget Limitations of Section 5.1.3.5;

5.1.5.27 Engage attorneys or for the Partnership or any Investment Entity (which attorneys shall be selected upon the reasonable Approval of the Partners). Price Waterhouse Coopers or another national accounting firm Approved by the Mack-Cali Limited Partner shall be the Partnership's accountants for all purposes, and the Partners hereby Approve the following as the initial attorneys authorized to perform services for the Partnership and the Investment Entities: Battle Fowler LLP; Mark Abramson, Esq.; Pircher,

Nichols & Meeks; Pryor, Cashman, Sherman & Flynn; Farer, Siegal & Fersko; Ervin, Cohen & Jessup; and L. David Cole, Esq.;

5.1.5.28 Approve the form of lease, tenant improvement allowance or leasing commissions (except as provided in Section 5.1.1.10), project names or any leasing agent for the Properties other than Highridge Partners or their Affiliates as set forth in an Approved Development Plan or Approved Budget (reasonable Approval only); or issue any press releases or otherwise speak with the press concerning the terms of this Agreement (except that the Authorized Representatives of a Partner may disclose the details of a Property acquisition, development, financing, lease or disposition to the press after the same has occurred or in connection with advertising a Property for lease or sale); or

5.1.5.29 Take any other action that is required to be Approved by the Partners under this Agreement.

The enumeration of the foregoing rights shall not diminish or affect the existence or exercise of other rights expressly granted to each of the Partners under this Agreement. In the event of a deadlock in obtaining the Approval of the Partners with respect to any Major Decision, the deadlock shall be resolved as provided in Sections 5.10 and 5.11.

5.1.6 RETAINED APPROVALS; PROCEDURE FOR PARTNER REVIEW AND APPROVAL.

5.1.6.1 RETAINED APPROVALS. Notwithstanding anything to the contrary contained in this Agreement, after the loss of Approval rights by a Partner under Section 7.9 (the "Non-Voting Partner"), the Non-Voting Partner shall still retain Approval rights with respect to:

(a) The determination of Gross Asset Value for any property (subject to Sections 5.10(iii) and 8.3.8);

(b) Any act in contravention of this Agreement or extending the term of the Partnership;

(c) Any action which would cause the Partnership to become an entity other than a Delaware limited liability Partnership;

(d) Changing the purposes of the Partnership;

(e) Amending this Agreement except as expressly provided in this Agreement (but only to the extent such amendment would materially and adversely affect the Non-Voting Partner or its Affiliates, unless such amendment is permitted to be made without the Non-Voting Partner's Approval under Section 7.9);

(f) Indemnification of any Person other than a Partner or its Affiliates pursuant to Section 5.5.2 or except as otherwise permitted by this Agreement;

(g) Except as provided in Sections 3.11 and 4.3.2, entering into any agreement (A) which would cause the Non-Voting Partner or its Affiliates to become personally liable on or in respect of or to guarantee any indebtedness of the Partnership or (B) which is not nonrecourse to the Non-Voting Partner and its Affiliates;

(h) Causing the Partnership to redeem or repurchase all or any portion of the interest of a Partner except as provided in Section 7.9;

(i) Borrow money from a Partner or its Affiliates except pursuant to Sections 2.2.2 or 2.4;

(j) Acquire any Investment or cause any Investment Entity to acquire any Property, other than Investments and Properties that were Approved by the Partners for acquisition prior to the Non-Voting Partner losing its Approval rights with respect thereto under Section 7.9, take any action on behalf of the Partnership that is not within the scope of the Partnership purposes as set forth in Sections 1.5 and 1.11, or permit any Investment Entity to take any act that would require the Approval of the Non-Voting Partner under this Section 5.1.6.1 if taken by the Partnership;

(k) Unless in compliance with the requirements of Section 5.2, pay any salary, fees or other compensation to, or enter into any contract with, any Affiliate of any Partner (but only with respect to contracts that do not satisfy clauses (i) and (ii) of Section 5.2) or make loans to any Partner other than Tax Payment Loans;

(l) Prepay any Partnership indebtedness except (i) in connection with the disposition of any Investment or Property, (ii) in connection with the liquidation of the Partnership, (iii) to the extent such indebtedness is refinanced or (iv) in connection with restructuring of Partnership indebtedness; or enter into any borrowing, refinancing or modification of an existing borrowing other than on commercially reasonable terms for the reasonable needs of the Partnership's business; or entering into any participating financing if the Partners' interests are not diluted pro rata by such participation;

(m) With respect to the substitution of a transferee or additional Partner as a Partner, except as otherwise provided in Section 7.9, the Non-Voting Partner shall have the right to Approve the admission of any new Partner (other than pursuant to Section 7.9) to the extent that the Non-Voting Partner's interest in the Partnership is diluted by the admission of the new Partner on a basis that is not pro rata with the dilution of the interests of all of the other Partners of the Partnership; and

(n) Establish reserves for the Partnership, or make expenditures from reserves, with respect to the Partnership or any Investment Entity except as permitted by this Agreement, or issue any Funding Notice except as provided in Section 2.1.2.1(i).

5.1.6.2 APPROVAL PROCEDURE. Notice of the request for a Partner's Approval of any matter for which such Approval is required pursuant to this Agreement shall be delivered by the requesting Partner to each of the Authorized Representatives of the other Partner, together with the requesting Partner's summary and analysis of any matter for which such Approval is requested and the requesting Partner's recommendations with respect to any matter for which Approval is requested. Unless some other time is specified in this Agreement, each Authorized Representative of such other Partner shall approve or disapprove such matter by notice to the other Partner given within ten (10) Business Days following delivery of such notice. Failure of any Authorized Representative to timely respond by written notice (or orally, if permitted under Section 1.12) to the requesting Partner, indicating Approval or disapproval of such matter, shall be deemed withholding of the Approval by such Authorized Representative of such matter for which Approval is requested. From and after any such submission to such Authorized Representative, and continuing until the matters addressed in such submission are Approved, each such Authorized Representative shall, upon request to the Partner who has possession thereof, be furnished promptly with access to or, if feasible, copies of such additional pertinent information which become available to such Partner that are requested by the Partner whose Approval has been sought. Notwithstanding anything in this Agreement to the contrary, no Authorized Representative of a Partner shall have the right to Approve any action if such Partner no longer has Approval rights with respect to such issue under Sections 7.9 and 5.1.6.1. Section 1.12 sets forth each Partner's Authorized Representatives and the actions that constitute the granting of a Partner's Approval.

5.2 AFFILIATE TRANSACTIONS; EXCLUSIVITY; MACK-CALI PROPERTY MANAGEMENT OPTION.

(a) AFFILIATE TRANSACTIONS. If all of the material terms thereof are clearly identified and fully described in an Approved Development Plan or are otherwise Approved by the Partners, any Partner or its Affiliates may provide services, including property management services, accounting services, construction services, legal or paralegal services (but only to the extent permitted by law), office administration, and/or document control services, to the Partnership and/or any Investment Entity, subject to the following conditions: (i) the fees for such services must be no greater than the fees charged generally by qualified, unaffiliated third-parties having comparable expertise and performing similar services in the geographical area in which the services are to be performed; and (ii) the other terms of the agreement pursuant to which such services will be performed shall generally be no more onerous than the terms of agreements used by qualified, unaffiliated third-parties having comparable experience performing similar services in the geographical area in which the particular services are to be rendered.

(b) EXCLUSIVITY. Notwithstanding anything in this Agreement to the contrary, there shall be no restriction against the acquisition or ownership by any Partner or its Affiliates of any asset, including any office project, regardless of whether the same is competitive with a Property owned by the Partnership or an Investment Entity.

(c) MACK-CALI PROPERTY MANAGEMENT OPTION. The Mack-Cali Limited Partner has the option to elect to allow the Partnership to serve as the property manager for any property in which such Partner or such Partner's Affiliates have an interest (but which is not a Property owned by the

Partnership or any Investment Entity) pursuant to the terms of a management agreement (the "Management Agreement") to be Approved by the Partners. If significant lease-up or rehabilitation services are required to be rendered by the Partnership in connection with a property for which such election has been made, the Highridge Partners or their Affiliates shall be entitled to receive a lease-up and rehabilitation fee equal to 10% of the Mack-Cali Limited Partner's (or such Affiliate's) profit from such property after it has recovered its investment therein plus a 10% cumulative annual return thereon (compounded quarterly), but only if such fee is Approved by the Mack-Cali Limited Partner in connection with the election to allow the Partnership to manage such property and the terms of such payment are set forth in the Management Agreement.

5.3 REPORTING REQUIREMENTS; FINANCIALS; MEETINGS.

5.3.1 GOVERNMENTAL REPORTS; MEETINGS. The Managing General Partner shall, at Partnership expense, use reasonable efforts to cause to be prepared and timely filed with appropriate federal, state and foreign regulatory and administrative bodies, all reports required to be filed with such entities under then current applicable laws, rules and regulations, subject to the reasonable Approval of the Partners, other than reports filed with local government agencies in connection with the entitlement and development of a Property (copies of which shall be furnished to the Mack-Cali Limited Partner within a reasonable time after the Mark-Cali Limited Partner has requested a copy thereof by notice to Highridge GP). Such reports shall be prepared on the accounting or reporting basis required by such regulatory bodies. Each Partner shall be provided with a copy of any such report. No meeting of the Partners shall be required unless requested by any Partner upon notice to all Partners, which notice may be given by any Partner at any time. All Partners shall be given written notice of any meeting of the Partnership at least twenty (20) days prior to any such meeting by the Partner requesting such meeting. Any meetings shall be held at the record-keeping office of the Partnership or at any other reasonably convenient location within the United States as the requesting Partner may reasonably Approve and specify in such notice. The Partners may adopt a course of conduct that provides for such meetings to be held telephonically.

5.3.2 ACCESS; AUDIT. The Managing General Partner shall permit any Partner to review and copy, during normal business hours at the office of the Partnership, all Partnership financial records and information. Each Partner shall have the right to have such records and information audited at Partnership expense; PROVIDED, HOWEVER, if such audit reveals material errors or omissions in such records and information due to a Major Default by any Partner, such Partner's Partner Group shall reimburse the Partnership for the expense of audit. The Managing General Partner shall maintain (at the office of the Partnership) reports required or otherwise prepared and delivered hereunder or under any Investment Entity Agreement, copies of which shall be furnished to each Partner when available, at the Partnership's expense, together with (upon request from any Partner) such supplementary records and reports as are necessary to reflect the allocation among the Partners of the tax

items and distributions of the Partnership shown on any reports furnished (or required to be furnished) to the Partners under this Agreement.

5.3.3 FINANCIAL AND STATUS REPORTS. (a) The Managing General Partner shall cause the following reports to be issued at Partnership expense:

(i) The Managing General Partner shall use reasonable efforts to cause to be issued to the Partners annual financial reports, in reasonable detail, which shall be prepared and audited by the Partnership's independent certified public accountants at Partnership expense, by February 15 the following the close of each year (including a balance sheet and income and expense statements, both on an Investment-by-Investment basis and on a consolidated basis, showing sources and uses of funds, cash on hand, distributions, changes in financial position, tax information, Undistributed Preferred Return, Invested Capital, and unrepaid Partner loans on a Partner-by-Partner basis). Such financial reports shall be prepared using GAAP, or such other method as shall be Approved by the Mack-Cali Limited Partner from time to time upon reasonable advance notice to the Managing General Partner;

(ii) The Managing General Partner shall use reasonable efforts to cause to be issued to the Partners quarterly unaudited financial reports, in reasonable detail, within twenty-five (25) days after the close of each calendar quarter other than the fourth quarter of each year (commencing with the calendar quarter ending on September 30, 1998), internally prepared by the Managing General Partner and reviewed by the Partnership's accountants, including a balance sheet and income and expense statements, both on an Investment-by-Investment basis and on a consolidated basis (showing receipts on a tenant-by-tenant basis, and material defaults, to the extent requested by the Mack-Cali Limited Partner upon reasonable notice), sources and uses of funds, cash on hand, distributions, changes in financial position, Undistributed Preferred Return, Invested Capital, and unrepaid Partner loans;

(iii) The Managing General Partner shall use reasonable efforts to cause to be issued to the Partners a monthly income and expense statement, in reasonable detail, internally prepared by the Managing General Partner on both an Investment-by-Investment and consolidated basis within twenty (20) days after the close of each month (including December), showing sources and uses of Partnership funds and changes in the Partnership's financial position during such month. In connection with preparing such monthly income and expense statement, the Managing General Partner shall use commercially reasonable efforts to review the data provided by third parties (including property managers and accountants) that is to be presented in such income and expense statement, such review to be commenced and completed to the extent possible, after using commercially reasonable efforts to do so, before the Managing General Partner furnishes such statement to the Partners. If such review is not completed prior to furnishing such statement, such review shall be completed as soon as is practicable thereafter (with notice being given to the Partners by the Managing General Partner of any variance from such statement that is discovered by the Managing General Partner in such review); and

(iv) The Managing General Partner shall keep the Mack-Cali Limited Partner reasonably apprised of pending due diligence, acquisition, construction, leasing, marketing and

disposition efforts with respect to proposed and owned Investments and Properties within a reasonable time after any material new development has occurred or the Mack-Cali Limited Partner requests an update; and

(b) In preparing reports required under this Agreement, the Managing General Partner may rely on information furnished by third parties (including property managers and accountants) to the extent that it is reasonable to do so.

(c) Notwithstanding anything in this Agreement to the contrary, (i) all Partnership and Investment Entity financials shall be prepared on the basis required by the auditors for the Mack-Cali Limited Partner, and (ii) the Partners shall make such amendments to this Agreement that reduce or eliminate the rights (but not the obligations) of the Mack-Cali Partners, or add to or increase the rights (but not the obligations) of the Highridge Partners, under this Agreement as are reasonably requested by the Mack-Cali Limited Partner from time to time in consultation with its auditors, in order to accommodate the objectives of: (A) the Mack-Cali Limited Partner not being required to consolidate with the Partnership for accounting purposes and (B) the Mack-Cali Limited Partner being able to report its share of the Partnership's income and losses using the equity method of accounting.

5.4 TAX MATTERS PARTNER; TAX RETURNS. The Managing General Partner is hereby designated as the "Tax Matters Partner", as such term is defined in Section 6231(a)(7) of the Code, and it shall serve as such at Partnership expense with all powers granted to a tax matters partner under the Code, except that the Managing General Partner shall not take any action as the Tax Matters Partner (including entering into any negotiation or settlement with any taxing authority, or extending the statute of limitations with respect to any Partnership item) without the reasonable Approval of the Mack-Cali Limited Partner. The Mack-Cali Limited Partner may elect to serve as the Tax Matters Partner instead of the Highridge GP, effective upon notice from the Mack-Cali Limited Partner to the Highridge GP which may be given at any time after the Highridge GP ceases to be a General Partner or has committed a Performance Default. The Partners' Approval rights with respect to Approving tax decisions (including settlements and extending the statute of limitations) are set forth in Section 3.12. Each Partner shall give prompt notice to each other Partner of any and all notices it receives from the Internal Revenue Service (or any other taxing authority) concerning the Partnership, including any notice of audit, any notice of action with respect to a revenue agent's report, any notice of a 30-day appeal letter and any notice of a deficiency in tax concerning the Partnership's federal, state or local income tax returns. At Partnership expense, the Tax Matters Partner shall furnish each Partner with status reports regarding any negotiation between the Internal Revenue Service (or other taxing authority) and the Partnership promptly after any material new development, and the Mack-Cali Limited Partner shall be given sufficient advance notice by the Managing General Partner so that it shall have the opportunity to participate, and permit its professional tax advisers to participate, in person in all of such negotiations. The Tax Matters Partner shall use its reasonable efforts to cause the Partnership's accountants to prepare and file on a timely basis, with due regard to extensions (such extensions to be applied for unless reasonably Approved to the contrary by the Mack-Cali Limited Partner, all tax and information returns which the Partnership may be required to file. No tax or information return shall be filed without the reasonable Approval of the Mack-Cali Limited Partner.

Drafts of the Partnership's tax returns shall be submitted to the Mack-Cali Limited for review and reasonable Approval at least thirty (30) days prior to

the due date therefor (determined with due regard for extensions). The Managing General Partner shall cause the Partnership's accountants to prepare and deliver, at Partnership expense, to each Partner on a timely basis an information reporting return (K-1) reflecting each Partner's distributive share of all income, gain, loss, deductions, allowances or credits of the Partnership for each Partnership Accounting Year, as computed pursuant to Article 3. If there is a dispute as to the content of the Partnership's or Investment Partnership's tax returns, such returns shall be filed as directed by the Mack-Cali Limited Partner, with each other Partner having the right to file an inconsistent position return with the applicable taxing authority(ies).

5.5 INDEMNIFICATION AND LIABILITY OF THE PARTNERS. See Section 9.2 for certain conventions concerning the extent to which the acts of Affiliates or employees of a Partner or its Affiliates will not be taken into account for purposes of this Section 5.5 in determining whether such Partner is liable (or is not entitled to indemnification) with respect thereto.

5.5.1 No Partner shall be liable, responsible or accountable in damages or otherwise to any of the other Partners or to the Partnership for any act or omission performed or omitted by it on behalf of the Partnership, except for a Major Default, gross negligence, and damages for a breach of this Agreement by such Partner that is not cured within the time provided in Section 9.2, or the breach by such Partner or its Affiliates of any agreement with the Partnership or an Investment Entity that is not cured within the time provided in such Agreement.

5.5.2 Except to the extent to the extent attributable to a Major Default, gross negligence by a Partner or a Partner's Affiliates, a Partner's breach of this Agreement that is not cured within the time provided in Section 9.2, or the breach by such Partner or its Affiliates of any agreement with the Partnership or an Investment Entity that is not cured within the time provided in such Agreement, the Partnership shall indemnify and hold harmless each Partner and its Affiliates (and their partners, shareholders, or members) from and against any obligations, actual damages, penalties, actions, judgments, suits, expenses, disbursements, losses, costs or liabilities of any kind or nature whatsoever which may be imposed upon, incurred or asserted against such Partner or its Affiliates (or their partners, shareholders, members and their Affiliates), including reasonable attorneys' and paralegals' fees and court costs, except to the extent the same are reimbursed to such Partner or its Affiliates by insurance proceeds or indemnities from third parties, in connection with, due to or arising out of (i) such Partner's serving as a Partner (including serving as the Managing General Partner or as a Co-General Partner of the Partnership), or (ii) the execution and delivery by such Partner (or its Affiliates) of any guarantee or payment or performance (including the General Partner Guaranties), any completion agreement or guarantee, any hazardous or toxic substance indemnity or guarantee or any other agreement Approved by the Partners (or permitted to be entered into without such Approval) whereby such Partner or Affiliate undertakes any monetary, performance or indemnification obligation on behalf of the Partnership or any Investment Entity in connection with the ownership, operation or financing of an Investment or Property.

5.5.3 Each Partner shall indemnify and hold harmless each other Partner and the Partnership from and against any direct (and not consequential or incidental) obligations, actual damages, penalties, actions, judgments, suits, expenses, disbursements, losses, costs or liabilities (collectively, the "Liabilities") incurred or paid by such other Partner, the Partnership or an Investment Entity, or their Affiliates (to the extent such Liabilities are not reimbursed by insurance proceeds or indemnities from third parties), to the extent such Liabilities are caused by such Partner's (or its Affiliate's) Major Default, gross negligence, or breach of this Agreement that is not cured within the time provided in Section 9.2, or the breach by such Partner or its Affiliates of any agreement with the Partnership or an Investment Entity that is not cured within the time provided in such agreement.

5.5.4 Each Partner hereby grants to each of the other Partners and the Partnership, as security for the performance of all obligations of such Partner pursuant to this Agreement, a security interest in and to its interest in the Partnership, pursuant to and in accordance with the provisions of the Uniform Commercial Code of California, and agrees in the event such Partner is finally adjudicated to be liable to the Partnership or another Partner for any amount and fails, within thirty (30) days thereafter to pay the amount owed, the non-defaulting Partner(s) and the Partnership shall each have and are hereby granted all the rights, remedies and recourse afforded a secured party under the Uniform Commercial Code of California, including foreclosing upon the defaulting Partner's interest in the Partnership and selling such interest at public or private sale or retaining such interest in accordance with the Uniform Commercial Code of California. To evidence such security interest, each Partner shall from time to time execute and deliver such documents as may be reasonably requested by any other General Partner, including a financing statement (which may be recorded or filed in accordance with applicable law) and continuation statements. If the Partnership interest of a defaulting Partner is foreclosed

and sold or the interest retained as aforesaid, each non-defaulting Partner is hereby authorized on behalf of the defaulting Partner and designated the attorney-in-fact of the defaulting Partner to execute any and all documents and take such other action as may be required to effectuate the sale and transfer of the defaulting Partner's Partnership interest. Such authorization and designation shall be deemed coupled with an interest and shall be irrevocable.

5.5.5 In any case where indemnity is sought by a Partner, such Partner shall give notice of the request for indemnification to the Partnership and the other Partners from whom the indemnity is required and give them the opportunity to the extent reasonably possible, to participate in the defense of the claim giving rise to the claim for indemnity, all at Partnership expense.

5.5.6 All indemnity payments and reimbursements payable under this Agreement to a Partner or an Affiliate of a Partner shall be treated as amounts owed to a creditor of the Partnership, shall be paid in the ordinary course of business, without regard to whether the Partnership has Net Available Cash, and, shall be paid by the Partnership, PARI PASSU with other creditors of the Partnership, in all cases prior to making distributions to Partners under Sections 4.1 and 4.2. No Partner shall have any liability under this Agreement for failing to take any action under this Agreement or any agreement with the Partnership or an Investment Entity if (i) such Partner is prohibited from taking such action without the

Approval of a Partner in the other Partner Group under this Agreement and (ii) such Partner in the other Partner Group fails to grant such Approval to take such action. No Partner shall have any liability for failing to grant any Approval permitted to be granted by it under this Agreement.

5.5.7 Notwithstanding anything to the contrary contained in this Agreement, no Partner Group or its Affiliates shall receive any reimbursement from the Partnership or another Partner for any portion of the salaries or benefits of its Controlling Persons or the rent or utility costs of such Partner's offices except as Approved by the other Partner Group.

5.6 CONTROL CHANGE. If the Managing General Partner becomes a Terminated Partner or commits a Removal Default, the Mack-Cali Limited Partner may appoint a Co-General Partner, and such Co-General Partner may elect to become the Managing General Partner and to assume the Managing General Partner's authority and responsibilities under this Agreement as provided in Section 7.9.5 (subject to Section 5.9). If the Managing General Partner has committed a Performance Default with respect to an Investment or a Property, the Mack-Cali Limited Partner shall have the rights with respect to such Investment or Property set forth in Sections 5.10(ii) and 7.9.5 (including the appointment of a Co-General Partner to take all actions with respect to such Investment or Property on behalf of the Partnership, with the Managing General Partner having no further Approval rights with respect to such Investment or Property except those set forth in Section 5.1.6.1).

5.7 LIMITATION OF LIABILITY. Each Partner's liability shall be limited as set forth in this Agreement, the Act and other applicable law. Except as provided in Sections 2.1.2, 2.2.2.1, 3.5.4, 3.11, 4.3.2, 5.5.1, 5.5.3 or 7.6, a Partner will not be personally liable for any debts or losses of the Partnership beyond the Partner's interest in the Partnership, other than distributions received by a Partner as to which, by terms of the Act, such Partner is obligated to return. No partner, officer, director, shareholder or manager of a Partner shall be liable for the obligations of such Partner to the Partnership or the other Partners under any circumstances other than a Major Default that has actually been committed by such partner, officer, director, shareholder or manager or as provided in Section 3.11.

5.8 NO PRIORITIES. Except as specifically provided in this Agreement, no Partner shall have any priority over any other Partner as to the return of his or its Capital Contributions or as to distributions or allocations of Profits or Losses or other tax items.

5.9 DETERMINATION DATE FOR INDEMNITY PAYMENTS, REMOVAL DEFAULTS, PERFORMANCE DEFAULTS AND MAJOR DEFAULTS; ARBITRATION.

5.9.1 For purposes of this Agreement, until the "Determination Date" (defined below) has occurred, (i) no amount shall be due and owing by any Partner to the Partnership or to another Partner pursuant to Section 3.5.4, 5.5.1 or 5.5.3, 7.6 or 9.2, and (ii) no Major Default, Performance Default or Removal Default shall be deemed to have occurred and no Partner shall be deemed to have become a Terminated Partner for purposes of applying Section 7.9 other than by reason of such Partner becoming a Defaulting Partner under Section 2.2.2, in each case if there is a bona fide dispute as to whether such amount is due or whether a

Partner is a Terminated Partner (other than by reason of such Partner becoming a Defaulting Partner under Section 2.2.2) or has committed a Performance Default or Removal Default. Except for the purpose of determining that a Control Change Notice issued by the Mack Cali Limited Partner is effective as provided below in this Section 5.9 upon an alleged Major Default, Performance Default or Removal Default by the Managing General Partner or because the Managing General Partner is a Terminated Partner, the "Determination Date" shall be deemed to have occurred only upon the earlier to occur of the following: (a) the final determination by a Court described in Section 9.4 that an amount described in Section 3.5.4, 5.5.1, 5.5.3, 7.6 or 9.2 is due and payable, or the Major Default, Performance Default or Removal Default in question has occurred or a Partner has become a Terminated Partner (as the case may be) and the expiration of the time to file a notice of appeal from such determination has expired without such notice having been filed; or (b) the affirmation of a determination described in preceding clause (a) by the entry of judgment to such effect by the court to which such determination has been appealed.

5.9.2 Notwithstanding the provisions of this Section 5.9, if the Mack-Cali Limited Partner alleges in good faith, by issuing a Control Change Notice to the Managing General Partner stating that the Managing General Partner has committed a Major Default Performance Default, or Removal Default or that the Managing General Partner otherwise is a Terminated Partner, and the Managing General Partner in good faith gives notice to the Mack-Cali Limited Partner within five (5) Business Days after receiving such Control Change Notice that it disputes whether such Major Default, Performance Default or Removal Default or any event giving rise to Terminated Partner status has occurred, the Mack-Cali Limited Partner may commence an expedited arbitration proceeding held in Los Angeles, California pursuant to applicable California arbitration rules to determine whether such Major Default, Performance Default or Removal Default or other event giving rise to Terminated Partner status has occurred by giving notice to the Managing General Partner appointing a qualified arbitrator and stating that the Mack-Cali Limited Partner is invoking the arbitration proceedings of this Section 5.9. Within five (5) Business Days after receiving such notice, the Managing General Partner shall, by notice to the Mack-Cali Limited Partner, appoint a second qualified arbitrator. If the Managing General Partner fails timely to so appoint such second qualified arbitrator, or fails timely to notify the Mack-Cali Limited Partner that the Managing General Partner disputes whether such Major Default, Performance Default, Removal Event or event giving rise to Terminated Partner status has occurred, the Determination Date shall

be deemed to have occurred solely for the purposes set forth below in this Section 5.9. If the Managing General Partner timely so appoints such second qualified arbitrator, the two arbitrators so appointed shall appoint a third qualified arbitrator within five (5) Business Days after the notice of the appointment of the second arbitrator is received from the Managing General Partner by the Mack-Cali Limited Partner. Within five (5) Business Days after being appointed, the third arbitrator shall (A) consider the evidence submitted by the Partners and (B) upon notice to all Partners, determine (solely for purposes of determining whether such Control Change Notice is valid and effective) whether the Managing General Partner has committed a Major Default, Performance Default, or Removal Event or event giving rise to Terminated Partner status. If the third arbitrator determines that the Managing General Partner has committed a Major Default, Performance Default, or Removal Event, or that any event giving rise to Terminated Partner status has occurred, then the Determination Date shall be deemed to have occurred solely for purposes of determining whether such Control Change Notice is effective and thereby enabling (i) the Co-General Partner appointed by the Mack-Cali Limited Partner pursuant to Section 7.9.5 to become the Managing General Partner and permanently assume the Managing General Partner's authority and responsibility under Section 7.9.5 if a Removal Default or any event giving rise to Terminated Partner status was held to have occurred in the arbitration, or who may, in the case of a Performance Default that is held in the arbitration to have occurred with respect to an Investment or Property, take all actions with respect to such Investment or Property on behalf of the Partnership, with the Managing General Partner having no further Approval rights with respect to such Investment or Property except those set forth in Section 5.1.6.1, or (ii) the Mack-Cali Limited Partner to have the rights set forth in Section 5.10(ii). The Determination Date shall not be deemed to have occurred for any other purpose unless and until otherwise provided in this Agreement. During the period beginning on the date on which such Control Change Notice is received by the Managing General Partner and ending with the determination by the foregoing arbitration that the subject Major Default, Performance Default, Removal Event, or event giving rise to Terminated Partner status has not occurred, all actions permitted to be taken under this Agreement by the Managing General Partner without the consent of the Mack-Cali Limited Partner in connection with the operation of the Partnership's business (or, in the case of a Performance Default, in connection with the Investment or Property that is the subject of the Performance Default being arbitrated) shall, upon the election in writing by the Mack-Cali Limited Partner made by giving notice to the Highridge Partners (which election may specify which Approval rights it desires and may be supplemented by notice from the Mack-Cali Limited Partner to add or remove

Approval rights specified in such notice), require the Approval of the Mack-Cali Limited Partner (and the Managing General Partner shall be absolved of all responsibility and liability to the Partnership and the Mack-Cali Partners for failing to undertake all such actions for which the Mack-Cali Limited Partner has withheld its Approval during such period). The costs of the arbitration shall be funded 50% by each Partner Group, and the Partners shall bear their own attorneys fees, during the arbitration. The prevailing Partner Group shall be repaid all of such expenses by the non-prevailing Partner Group within ten (10) days after receiving notice of the third arbitrator's decision. A "qualified arbitrator" means any Person who has had over fifteen (15) years of experience in drafting, negotiating and/or interpreting partnership and/or operating agreements involving the ownership and operation of commercial real estate.

5.10 DEADLOCK/PARTNER SALE RIGHTS. Either Highridge GP or the Mack-Cali Limited Partner (provided such Partner has not become a Terminated Partner or committed a Performance Default or Removal Event) may at any time give notice to the other (a "Deadlock Notice") if such Partner asserts that there is an irreconcilable difference of opinion among the Partner Groups (a "Deadlock") as to the course of action to be taken with respect to any Major Decision on which they both have Approval rights. The Deadlock Notice shall describe the Deadlock and the resolution proposed by the Partner issuing the Deadlock Notice. If a Deadlock Notice is properly issued, the Partners shall meet in good faith during the 30-day period after the Deadlock Notice has been received. If the Major Decision that is the subject of the Deadlock is not resolved within such 30-day period, then:

(i) In the case of any Deadlock that occurs with respect to a Property prior to the date on which 95% Stabilization has occurred with respect to such Property, there shall be no mechanism to resolve the Deadlock, and arbitration or litigation shall not be used to resolve any such Deadlock except as provided in Section 5.10 (iii), this clause (i), in clauses (ii) and (iii) of this Section 5.10, or in Section 5.4 in the case of tax returns. In the case of a Deadlock with respect to a Property occurring on or after the date on which 95% Stabilization has occurred with respect to such Property, the provisions of this clause (i), Sections 5.10(ii) and (iii), 5.4 (tax returns) and 5.11 (the first-offer procedure) shall apply. In the case of a Deadlock that occurs at any time regarding (A) whether a Funding Notice is permitted or required to be issued under Section 2.1(b), or (B) what actions should be taken with respect to the sale or other disposition of assets that is being made in connection with the liquidation of the Partnership where both the Highridge GP and the Mack-Cali Limited Partner have Approval rights with respect thereto, the dispute may be resolved through an expedited arbitration conducted in accordance with a procedure that is analogous to that contained in Section 5.9.2 (with conforming changes being made to the terminology contained therein and with either Highridge GP or the Mack-Cali Limited Partner being able to invoke such arbitration proceeding by notice to the other).

(ii) SPECIAL RULES FOR PERFORMANCE DEFAULTS. From and after the date on which a Performance Default with respect to an Investment or Project has been held to have occurred under Section 5.9.2 for purposes of issuing a Control Change Notice under Section 7.9.5, the Mack-Cali Limited Partner may propose to the Highridge GP that any action be taken (or not be taken) at any time by the Partnership or an Investment Entity with respect to such Investment or Project. If Highridge GP does not agree with such proposal, such Deadlock shall be resolved in the manner directed and Approved by the Mack-Cali Limited Partner (and Highridge GP shall cause the Partnership and such Investment Entity promptly to take, or refrain from taking, as appropriate, such action in the manner so directed and Approved by the Mack-Cali Limited Partner). In the case of a Performance Default, the Mack-Cali Limited Partner shall also have the rights set forth in Section 7.9.5 with respect to appointing a Co-General Partner.

(iii) GROSS ASSET VALUE DEADLOCKS. In the case of a Major Decision described in Section 5.1.5.7 or 8.3.8, concerning the Gross Asset Value of any property, the dispute concerning such Major Decision shall be resolved in the following manner (subject to the special rules contained in Section 8.3.8). Unless and until such Gross Asset Value has been Approved by the Partners or determined as provided in this paragraph (iii), the transaction giving rise to the determination of Gross Asset Value shall not be consummated by any Partner. Either Highridge GP or the Mack-Cali Limited Partner (the "Invoking Partner") may give notice to the other of them (the "Other Partner") stating that such Partner is invoking the following procedure, setting forth its proposed Gross Asset Value for such property (the "GAV Notice"), and appointing a "qualified appraiser" (defined below). Within five (5) Business Days after receiving a GAV Notice, the Other Partner shall, by notice to the Invoking Partner, appoint a second qualified appraiser. If the Other Partner fails

timely to so appoint such second qualified appraiser, the Gross Asset Value shall be deemed to be that set forth in the GAV Notice. If the Other Partner timely so appoints such second qualified appraiser, the two appraisers so appointed shall appoint a third qualified appraiser within five (5) Business Days after the notice of the appointment of the second appraiser is received by the Invoking Partner. Within five (5) Business Days after being appointed, the third appraiser shall (A) consider the evidence submitted by the such Partners and (B) upon notice to both of such Partners, determine such Gross Asset Value. The cost of the appraisal shall be funded by the Partnership, and the Partner Groups shall bear their own attorneys fees, during the appraisal. A "qualified appraiser" means any M.A.I. appraiser who has had over fifteen (15) years of experience in valuing commercial real estate in Los Angeles, California.

(iv) PARTNER SALE RIGHTS. The Mack-Cali Limited Partner shall have the right to cause the Partnership to cause the sale or other disposition of any Property at any time if (a) a Co-General Partner has assumed the Managing General Partner's authority and responsibility, or the Mack-Cali Limited Partner or a Co-General Partner has assumed control of such Property, under Section 5.10(ii) or Section 7.9.5, (b) the Managing General Partner becomes a Terminated Partner, or (c) the Mack-Cali Limited Partner reasonably determines prior to completion of such Property that development of such Property should be abandoned (an "Abandonment Decision"). The right to cause a sale or other disposition of a Property pursuant to the foregoing clauses (a) through (b) shall be hereinafter referred to as the "Mack-Cali Sale Right." If the Mack-Cali Limited Partner becomes a Terminated Partner, the Managing General Partner shall have the right to cause the Partnership to sell such Property (or any or all Properties if the Mack-Cali Limited Partner has become a Terminated Partner) at any time (the "Managing General Partner Sale Right"). If the Mack-Cali Limited Partner makes an Abandonment Decision pursuant to this Section 5.10(iv), the Partners' obligations to fund the completion of such Property shall cease for any future development and the Partners shall separately fund and bear, without reimbursement from the Partnership, any Investment Partnership or any Partner or its Affiliates, any abandonment costs (including any amounts that are due and payable by a Partner or any Affiliate of a Partner under any Managing General Partner Guaranty to the extent indemnification is available with respect thereto under Section 5.5) in the ratio of 80% by the Mack-Cali Partners and 20% by the Highridge Partners.

Any Property to be sold in accordance with clause (c) of this Section 5.10(iv) or upon a liquidation in accordance with Article 8 that does not occur as the result of the exercise of the Mack-Cali Sale Right or the Managing General Partner Sale Right shall be sold in a manner reasonably Approved by the Partners or, if necessary, as determined pursuant to the procedure described in Section 5.10(i)(B). If the Mack-Cali Limited Partner has the Mack-Cali Sale Right with respect to any Property, upon notice to the Managing General Partner, the Mack-Cali Limited Partner shall have the right to cause the Partnership to sell or otherwise dispose of such Property as it shall Approve, including the right to cause the Partnership to sell or contribute such Property to a REIT (whether or not Controlled by Mack-Cali Realty or its Affiliates). Notwithstanding anything to the contrary contained in this Agreement, if any Property

has achieved 95% Stabilization, the Mack-Cali Limited Partner shall have the right to cause the Partnership to sell or contribute such Property to a REIT that is Controlled by Mack-Cali Realty or its Affiliates. Any sale or contribution of a Property by the Partnership or an Investment Entity (regardless of whether made pursuant to the Mack-Cali Sale Right under this Section 5.10(iv), pursuant to Section 5.11 or any other provision of this Agreement) to an Affiliate of any Mack-Cali Partner or to a REIT that is Controlled by Mack-Cali-Realty or its Affiliate shall be made at fair market value as determined through the "FMV Appraisal Procedure" set forth herein, provided however, that if the Mack-Cali Limited Partner elects to contribute a Property to a REIT instead of effecting a sale of the Property, the Highridge Partners shall have the option to receive cash for their indirect interests in such Property (equal to the amount they would have received if the Property were sold for cash) instead of REIT stock or partnership interests.

If Highridge GP does not Approve the value proposed by the Mack-Cali Limited Partner, the "FMV Appraisal Procedure" which shall be invoked by the Mack-Cali Limited Partner as a condition precedent to a transfer of a Property to a REIT Controlled by the Mack-Cali Limited Partner or its Affiliates is as follows. The Mack-Cali Limited Partner shall give notice to the Managing General Partner stating that the Mack-Cali Limited Partner is invoking the FMV Appraisal Procedure, setting forth its proposed fair market value for the Property (the "FMV Notice"), and appointing a "qualified appraiser" (defined below). Within five (5) Business Days after receiving an FMV Notice, the Managing General Partner shall, by notice to the Co-General Partner, appoint a second qualified appraiser. If the

Managing General Partner fails timely to so appoint such second qualified appraiser, the fair market value shall be deemed to be that set forth in the FMV Notice. If the Managing General Partner timely so appoints such second qualified appraiser, the two appraisers so appointed shall appoint a third qualified appraiser within ten (10) Business Days after the notice of the appointment of the second appraiser is received from Highridge GP by the Managing General Partner. Within five (5) Business Days after being appointed, the appraisers shall (A) consider the evidence submitted by such Partners and (B) upon notice to both of such Partners, determine such fair market value. The fair market value shall be the amount determined by the three appraisers, or if there is a dispute among the three appraisers as to value, the value established by the third appraiser shall be the fair market value (but the fair market value shall not exceed the highest, or be less than the lowest, value established by the other two appraisers). The cost of the appraisal shall be funded by the Partnership, and the Partners shall bear their own attorneys fees, during the appraisal. A "qualified appraiser" means any M.A.I. appraiser who has had over fifteen (15) years of experience in valuing commercial real estate in Los Angeles, California.

5.11 PROPERTY DEADLOCK. Notwithstanding the provisions of Sections 5.9 and 5.10, if (A) either Partner Group desires to sell or otherwise dispose of any Property at any time after the expiration of thirty-six (36) months after the completion of such Property if 95% Stabilization has not occurred by such date and such Partner Group does not then have the right to dispose of suchProperty pursuant to the Managing General Partner Sale Right or the

Mack-Cali Sale Right (as appropriate) under Section 5.10(iv), (B) on or after the date on which 95% Stabilization of a Property has occurred, either Partner Group desires to sell or otherwise dispose of such Property and such Partner Group does not then have the right to dispose of such Property pursuant to the Mack-Cali Sale Right or the Managing General Partner Sale Right (as appropriate) under Section 5.10(iv), or (C) on or after the date on which 95% Stabilization of a Property has occurred, there is a dispute as to whether any Major Decision (other than those described in the last sentence of Section 5.10(i)) should be Approved (or reasonably Approved) by the Partners with respect to such Property (the events referred to in the preceding clauses (A), (B) and (C) of this Section 5.11 are individually referred to as a "Property Deadlock"), the resolution of such Property Deadlock shall only be made pursuant to this Section 5.11.

(a) If a Property Deadlock occurs, either of the Highridge Partners or the Mack-Cali Partners (the "Proponent Group") (provided no Partner in such Partner Group shall be a Terminated Partner, shall have committed a Performance Default with respect to such Property, or shall have committed a Removal Default, and, PROVIDED, FURTHER, that no prior election to sell or otherwise dispose of such Property shall have been made and be pending under Section 5.10(iv) or otherwise shall have been Approved by the Partners and be pending), may give the other Partner Group (the "Respondent Group") notice (the "First Offer Notice") setting forth a gross value for such Property (the "Proponent Group First Offer Price").

Within ten (10) Business Days after receiving the First Offer Notice, the Respondent Group may give notice to the Proponent Group (the "Appraisal Notice") electing to establish the gross value of the Property by appraisal (in lieu of using the Proponent Group First Offer Price). In order for the Appraisal Notice to be effective, the Appraisal Notice must both (1) appoint the first of the three qualified appraisers who will establish the gross value of the Property (including any reserves of the Partnership and any Investment Entity allocable to such Property) by appraisal (the "Appraised First Offer Price"), and (2) elect one of the following procedures:

(i) BUY-OUt. If elected by the Respondent Group, the Respondent Group irrevocably elects to purchase the Proponent Group's interest in the Property for the amount the Proponent Group would receive if the Property were sold for the Appraised First Offer Price and the net proceeds thereof (after repayment of Partnership or Investment Entity debt allocable to such Property and after deducting reasonable reserves for contingencies for such Property) were paid and/or distributed by the Partnership to the Partners pursuant to Sections 4.1 and 4.2 ("Proponent Group Interest Purchase Price"); or

(ii) NON-BINDING APPRAISAL. If elected by the Respondent Group, the Proponent Group shall have the option, exercisable by notice to the Respondent Group given within thirty (30) days (or 60 days if the Proponent Group is the Highridge Group and an All-Cash Election has been made under Section 5.11(b)) after receiving the Appraised First Offer Price, to purchase the interest of the Respondent Group in such Property for the amount the Respondent Group would receive if the Property were sold

for the Appraised First Offer Price and the net proceeds thereof (after repayment of Partnership or Investment Entity debt allocable to such Property and after deducting reasonable reserves for contingencies for such Property) were paid and/or distributed by the Partnership (the "Respondent Group Interest Purchase Price"). If within the foregoing 30 or 60-day period (as applicable), the Proponent Group does not elect to purchase the Respondent Group's interest in such Property pursuant to the foregoing, then, the Respondent Group shall have the option to elect by notice to Proponent Group, given within the thirty (30) day period (or 60-day period if the Respondent Group is the Highridge Partners and an All-Cash Election has been made by the Mack-Cali Partners as provided in Section 5.11(b)) after the expiration of such 30-day period (or 60-day period, as applicable), to purchase the Proponent Group's interest in such Property for the Proponent Group Interest Purchase Price. If within the foregoing thirty 30 or 60-day period (as applicable), the Respondent Group does not elect to purchase the Proponent Group's interest in such Property pursuant to the foregoing, then the Proponent Group shall have the right to unilaterally cause the sale of the Property (without the Approval of any other Partner being required) for a price not less favorable to the Partnership than the Appraised First Offer Price. The Proponent Group shall have one hundred twenty (120) days to close such sale (which period shall be extended to one hundred eighty (180) days if a binding, non-contingent, sale contract has been executed prior to expiration of such 120 day period).

If an Appraisal Notice is timely given by the Respondent Group within ten (10) Business Days after receiving a First Offer Notice, the Proponent Group shall, within five (5) Business Days after receiving such Appraisal Notice, appoint a second appraiser to establish the Appraised First Offer Price as set forth above. If the Proponent Group does not timely appoint the second appraiser, the value established by the first appraiser shall control. Within five (5) Business Days after the first appraiser receives notice of the identity of the second appraiser, the first and second appraisers shall appoint a third appraiser. Within ten (10) business days after the third appraiser is appointed, the appraisers shall issue to the Proponent Group and the Respondent Group their determination of the Appraised First Offer Price. In the case of a dispute among the three appraisers as to value, the value established by the third appraiser shall be the Appraised First Offer Price for the purpose of this Section 5.11 (but the Appraised First Offer Price shall not exceed the highest, or be less than the lowest, value established by the other two appraisers). The cost of the appraisal shall be borne 50% by the Proponent Group and 50% by the Respondent Group.

If an Appraisal Notice is not timely given by the Respondent Group within the ten (10) Business Day period prescribed above, then the Respondent Group shall have thirty (30) days (or sixty (60) days if the Highridge Partners are the Respondent Group and an All-Cash Election has been made by the Proponent Group) after receiving the First Offer Notice to elect, by giving notice to the Proponent Group, to purchase the Proponent Group's interest in the Property for the amount the Proponent Group would receive if the Property were sold for the Proponent Group's First Offer Price and the net proceeds (after repayment of Partnership and Investment Entity debt allocable to the Property and after deducting reasonable reserves for contingencies for such Property) were distributed and/or paid by the Partnership pursuant to Sections 4.1 and 4.2 ("Non-Appraisal Interest Purchase Price") to the Partners and, except

as provided in Section 5.11(c) below, the Respondent Group shall have sixty (60) days thereafter to close on the purchase of the Proponent Group's interest in the Property. If the Respondent Group fails to elect to purchase the interest of the Proponent Group within the 30- or 60-day period (as applicable) after receiving the First Offer Notice as specified above, the Proponent Group may unilaterally cause the sale of the Property for a price not less favorable to the Partnership than the Proponent Group's First Offer Price. In such event, the Proponent Group shall have one hundred twenty (120) days after the expiration of the specified 30- to 60-day period (as applicable) to close such sale of the Property (which period shall be extended to one hundred eighty (180) days if a binding, non-contingent, sale contract has been executed prior to the expiration of the foregoing 120-day period).

(b) The Respondent Group or Proponent Group that elects to purchase the other Partner Group's interest in a Property following invocation of the first-offer procedure of this Section 5.11 shall have sixty (60) days after the election to close the purchase of such interest in such Property, PROVIDED, HOWEVER, that if: (x) the Mack-Cali Partners are the Proponent Group and state in the First Offer Notice, or (y) the Mack-Cali Partners are the Respondent Group and state in the Appraisal Notice, that they elect not to permit deferred payment terms for the Highridge Partners as purchaser (an "All-Cash Election"), then the Highridge Partners shall have sixty (60) days (instead of 30 days) after the purchase price is established for the Mack-Cali Partners' interest in such Property to elect to purchase and ninety (90) days thereafter to close such purchase. If the Highridge Partners are the purchaser of the Mack-Cali Partners' interest in a Property and the Mack-Cali Partners did

not make an All-Cash Election, the terms of the purchase shall be as follows: 25% of the interest purchase price shall be paid in cash as the down payment at the closing, and the balance of the purchase price shall be payable one year after closing. If the Mack-Cali Partners are the purchaser of the Highridge Partners' interest in a Property, or if the Mack-Cali Partners made an All-Cash Election, the entire purchase price for such interest shall be paid at closing. At closing, (i) the Partnership shall distribute the Property to the purchasing Partner Group, (ii) the selling Partner Group shall be deemed to have received a distribution of the Proponent Group Interest Purchase Price or the Respondent Group Interest Purchase Price (as applicable, depending on whether the selling Partner Group is the Proponent Group or the Respondent Group) under this Agreement, and (iii) the purchasing Partner Group shall be deemed to have received a distribution of the Proponent Group First Offer Price or the Appraised First Offer Price (as applicable), less allocable the debt, and less the purchase price payable to the selling Partner Group. The purchasing Partner Group shall be obligated to pay any release price to the Partnership's or Investment Entity's lenders as necessary to permit the purchasing Partner Group to own the Property if the debt encumbering the Property is not assumable by the purchasing Partner Group, PROVIDED, HOWEVER, that if (A) the Highridge Partners purchase the Mack-Cali Partners' interests in a Property, and (B) the Mack-Cali Partners did not make an All-Cash Election, the Mack-Cali Partners shall lend or arrange to have lent (subject in each case to any obligation not to breach loan covenants on their debt and that of their Affiliates) to the Highridge Partners 75% of such release price for a one-year period on a non-recourse basis (subject to standard recourse carve-outs for environmental liability and wrongful acts) at a rate equal to the greater of 100 basis points over the Prime Rate or 300 basis points over LIBOR. If the purchasing Partner Group wrongfully fails to close timely the purchase of the selling Partner Group's interest in the Property, the selling

Partner Group shall have as its exclusive remedies for such failure the right to assume complete control over the disposition of that Property (without the Approval of any other Partner being required) and the right to purchase the breaching Partner Group's interest in that Property (and receive a distribution of that Property in respect thereof) for 80% of the amount that the breaching Partner Group would have received if the Property were sold for the Proponent Group First Offer Price or Appraised First Offer Price (as applicable), and the damage provisions of Section 9.2 shall not apply to such breach.

The Proponent Group Interest Purchase Price, the Respondent Group Interest Purchase Price and the Non-Appraisal Interest Purchase Price shall be readjusted to account for the release of any reserves for contingencies previously reducing such amounts when such amounts become available for distribution to the Partners.

(c) Notwithstanding anything in this Agreement to the contrary, by notice to Highridge GP given by the Mack-Cali Limited Partner at any time at least five (5) Business Days before a payment of purchase price to the Highridge Partners is required under this Section 5.11, the Mack-Cali Limited Partner may elect to satisfy all or any portion of its obligation to pay the purchase price payable to the Highridge Partners under this Section 5.11 by the delivery of shares of common stock in Mack-Cali Realty that may be sold immediately on a national securities exchange without further registration or restriction and that constitute marginable securities (such shares to be valued at the average closing price per share on a national securities exchange for the ten trading days preceding the date that is five (5) Business Days prior to the date on which the payment in shares is being made); PROVIDED, HOWEVER, that the Highridge Partners shall have the option, exercisable by Highridge GP giving notice to the Mack-Cali Limited Partner prior to the time such Mack-Cali Realty shares are issued to the Highridge Partners, to contribute all of their interests in the Partnership to Mack-Cali Realty, L.P. and to receive operating partnership units in Mack-Cali Realty, L.P. in lieu of receiving such shares in Mack-Cali Realty (such operating partnership units to be subject to the one-year holding period before conversion or redemption that is customarily applicable to such units that are issued to Persons contributing property in exchange therefor).

ARTICLE 6

BOOKS, RECORDS AND BANK ACCOUNTS

6.1 BOOKS AND RECORDS. At Partnership expense, the Managing General Partner shall cause to be kept (at the office of the Partnership referred to in Section 1.3.2) accurate, just and true books of account, in which shall be entered fully and accurately each and every transaction of the Partnership. The books and records of the Partnership shall separately identify, and account for, the Partnership's investment in, and the Profits, Losses, Gain or Loss or Disposition and distributions attributable to, each of the Investments,

Properties and each Investment Entity. The books shall be kept in accordance with the Partnership's method of reporting for federal income tax purposes (which shall be the accrual method of accounting). Tax accounting elections, including methods of depreciation and deduction or capitalization of interest, taxes and insurance premiums during a construction period, if any, shall be made as the Mack-Cali Limited Partner shall reasonably Approve. The Partnership's financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied.

6.2 BANK ACCOUNTS. The funds of the Partnership shall be deposited in the name of the Partnership, in such bank account or accounts as the Partners shall reasonably Approve and reasonably direct from time to time. Such funds shall be invested by the Managing General Partner, or by the Mack-Cali Limited Partner at its election made by giving notice to the Managing General Partner, in such high quality, short term instruments as shall be reasonably Approved by the Partners (which may or may not bear interest as the Partners shall reasonably Approve). Each of the Managing General Partner and any Co-General Partner, unless it has become a Terminated Partner or has committed a Removal Default, shall be individual signatories on all Partnership accounts, with the signature of any such Partner or its designee being sufficient to effect withdrawals.

ARTICLE 7

TRANSFERS OF PARTNERSHIP INTERESTS

7.1 RESTRICTIONS ON TRANSFER. (a) Except as hereinafter provided, no Partner shall be permitted to Transfer all or any part of its interest in the Partnership or permit any Transfer of ownership interests in such Partner or, in the case of the Highridge Partners, in the partners, members or shareholders of such Partners (or in Persons owning, directly or indirectly through tiered entities, an interest in such Partners). Any attempted or actual Transfer shall be null and void AB INITIO and of no force and effect. Notwithstanding any other provision of this Agreement, no interest in the Partnership or ownership interest in any Partner may be pledged or hypothecated other than to its Affiliates without the Approval of the Partners.

(b) Notwithstanding the foregoing, a Partner may Transfer all or part of its interest in the Partnership, or allow the Transfer of ownership interests in such Partner or in direct or indirect the partners, members or shareholders thereof, as follows:

7.1.1 To the Partnership or another Partner or a partner, member, shareholder or Affiliate of a Partner;

7.1.2 If the proposed transferor is a natural Person, by succession or testamentary disposition upon his death;

7.1.3 If the proposed transferor is a natural Person, to a trust for the benefit of any Family Member with respect to the proposed transferor, but only if the proposed transferor retains Control of the interest so transferred;

7.1.4 Any other Transfer which is Approved by the Partners (excluding any Partner that is a Terminated Partner or who has committed a Removal Default); and

7.1.5 Ownership interests in a Highridge Partner (or in the direct or indirect partners, members or shareholders of the Highridge Partners) may be Transferred (but not pledged or hypothecated to Persons other than Affiliates of the Highridge Partners) without restriction if, at all times after such Transfer of interests: (a) John S. Long, Eugene S. Rosenfeld, Steven A. Berlinger and/or their Family Members continue to own (directly or indirectly through tiered Entities) over 50% of the interests in capital and profits of each Highridge Partner, and (b) John S. Long, Eugene S. Rosenfeld and/or Steven A. Berlinger continue to have voting control (whether directly or through tiered Entities) of each Highridge Partner with respect to Major Decisions;

7.1.6 The interests in the Partnership of the Mack-Cali Partners, and ownership interests in the Mack-Cali Partners, may be Transferred without restriction to a REIT (or other Entity) Controlled by the Mack-Cali Partners or their Affiliates or successors;

The following shall be conditions to any Transfer of any interest in the Partnership pursuant to this Article 7: (i) the transferee shall assume in writing each of the obligations of the transferor to the Partnership; (ii) such transferee shall agree in writing to be bound by each of the terms and conditions of this Agreement; (iii) the transferee shall deliver to the Partnership instruments of assumption and security reasonably Approved by the Partners other than the Partner Group making the Transfer, for the payment and performance of all obligations of or attendant to the interest so transferred

and assumed; and (iv) the requirements of Sections 7.4 and 7.5 shall be satisfied.

7.2 NO TAG-ALONG RIGHTS. There shall be no right of any Partner or its Affiliates to participate in any Transfer permitted by another Partner under this Agreement.

7.3 BANKRUPTCY OR DISSOLUTION OF PARTNERS. The Bankruptcy or dissolution (without reconstitution within sixty (60) days thereafter) of any General Partner (whether or not the Managing General Partner) shall dissolve (and require the liquidation of) the Partnership, except as otherwise provided in Section 8.4. The Bankruptcy or dissolution of a Limited Partner shall not dissolve the Partnership. Upon the occurrence of a Bankruptcy or the dissolution (without reconstitution within sixty (60) days thereafter) of any Partner, such Partner shall become a Terminated Partner under Section 7.9, and the trustee in Bankruptcy, receiver or other legal representative of the Bankrupt Partner or other legal representatives of the dissolved Partner, shall have all the rights of an assignee of the Partner, including the same right (subject to the same limitations) as the Bankrupt or dissolved Partner would have had

under the provisions of Section 7.1 to assign its interest in the Partnership, subject to the substitution rules of Section 7.4 and the provisions of Section 7.9.

7.4 SUBSTITUTION OF PARTNER. Subject to the restrictions and Approval rights of the Partners as set forth in Section 7.1 and the provisions of Section 7.5, the assignee of any Transfer by a Partner (a "Partner Assignee") shall become a substitute Partner only if (i) the assignor Partner so provides in an instrument of assignment, (ii) the Partner Assignee agrees in writing to be bound by the provisions of this Agreement and of the Articles and any amendments hereto and thereto and executes and delivers a copy of this Agreement (appropriately modified to take account of the Transfer), and (iii) each Partner Approves such substitution, which Approval may be given or withheld in its reasonable discretion. If the foregoing conditions (and the other provisions of this Article 7) are satisfied, the Partner Assignee shall become a substitute Partner upon payment to the Partnership of all costs and expenses of reviewing the instrument of assignment, if appropriate, and, if required by law, an amendment to the Certificate to reflect such substitution. In such event, if and as required by law, the Managing General Partner shall prepare or cause to be prepared an amendment to the Certificate to be signed by the Managing General Partner and, to the extent required, by the Partner Assignee. The Managing General Partner shall attend to the due execution and filing of an amendment to the Certificate, if such amendment is required. Unless admitted to the Partnership as a Partner as provided in this Agreement, no Person shall be considered a Partner, and the Partnership, each Partner and any other Persons having business with the Partnership need deal only with the Partners so admitted and shall not be required to deal with any other Person by reason of an assignment or pledge by a Partner (or realization of a pledge) or by reason of the death of a Partner (the Partners hereby confirming that no pledge or hypothecation of interests in the Partnership or interests in the Partners shall be permitted to Persons who are not Affiliates of a Partner without the Approval of the Partners). In the absence of the substitution of a Partner for a deceased Partner as provided in Section 7.1(a) or this Section 7.4, any payment to the executors, administrators or personal representatives of such deceased Partner shall acquit the Partnership of all liability with respect to such payment to any other Persons who may be interested in such payment by reason of the death of such Partner. A Partner Assignee of an interest in the Partnership who is not admitted as a substitute Partner as provided in this Section 7.4 shall be entitled to receive the economic benefits of the interest purported to be Transferred, but shall not be considered a Partner for any purposes and shall have no Approval rights under this Agreement and none of the rights of a Partner under this Agreement or under the Act.

7.5 ADDITIONAL TRANSFER RESTRICTIONS.

7.5.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the limitations in Sections 7.1 through 7.4, a Partner's ability to Transfer all or any portion of its Partnership interest, or ownership interests in such Partner, or, in the case of any Highridge Partner, to permit the Transfer of direct or indirect (through one or more intermediaries) ownership interests in such Partner relating specifically or generally to such Partner's interest in the Partnership, shall be subject to the following additional restrictions:

7.5.1.1 No Transfer of all or any portion of such interest shall be effective unless (i) such Transfer complies with the Transfer restrictions in all agreements to which the Partnership, any Investment Entity or such Partner is a party, and (ii) such interest is registered under the

Securities Act and any applicable state securities laws, or an exemption from registration is available, and, for any direct Transfer of an interest in the Partnership, the Partnership shall have received an opinion of counsel, reasonably Approved by the Partners other than the Partner making the Transfer, to such effect (unless the requirement that the Partnership receive such legal opinion is waived by the Approval of the Partners other than the Partner making the Transfer);

7.5.1.2 No Partner shall be permitted to Transfer any portion of its Partnership interest or take any other action which would cause the Partnership to be (i) treated as a "publicly traded partnership" within the meaning of Code Section 7704 or (ii) classified as a corporation (or as an association taxable as a corporation) within the meaning of Code Section 7701(a);

7.5.1.3 No Partner shall be permitted to Transfer all or any portion of its Partnership interest or to take any other action (including, in the case of any Partner which is a corporation, limited liability company or partnership or a partner, member or shareholder of a partnership or limited liability company which is a Partner, a Transfer of any interest in such partnership, limited liability or corporation or in the partners, members or shareholders thereof) which would result in a termination of the Partnership as a partnership within the meaning of Code Section 708(b)(1)(B) (a "Tax Termination") unless such Partner indemnifies the other Partners against any adverse tax consequences suffered by the Partnership as a result thereof;

7.5.1.4 Unless arrangements concerning withholding are reasonably Approved by the Partners other than the Partner making the Transfer (if such withholding is required of the Partnership), no Partner shall be permitted to Transfer all or any portion of its interest in the Partnership to any Person, unless such Person is a United States Person as defined in Code Section 7701(a)(30) and is not subject to withholding of any federal tax; and

7.5.1.5 No Partner shall be permitted to Transfer all or any portion of its Partnership interest if such Transfer will (i) cause the assets of the Partnership or any Investment Entity to be deemed to be "plan assets" under ERISA or its accompanying regulations or the Code or (ii) result in any "prohibited transaction" under ERISA or its accompanying regulations affecting the Partnership or any Investment Entity.

7.5.2 Any purported transfer or any other action taken in violation of this Section 7.5 shall be void AB INITIO.

7.6 TRANSFER INDEMNIFICATION AND CONTRIBUTION PROVISIONS.

Each Partner shall indemnify, defend and hold the Partnership and each other Partner, and the shareholders, partners, employees, agents, members and Affiliates thereof, harmless from any Liabilities in any way arising from the failure of a Transfer of any interest

in the Partnership (including any Transfer of an interest in any partners, members or shareholders of the indemnifying Partner, or in the direct or indirect partners, members or shareholders therein, and regardless of whether occurring before or after the date of this Agreement) to comply with all applicable federal and state securities laws, including all registration or qualification requirements and anti-fraud requirements, or arising from the impact of such Transfer upon compliance of the Partnership and its Partners with those securities laws in connection with any previous Transfer of an interest in the Partnership. Should the preceding indemnity be unenforceable to any extent, then, to such extent the Partner otherwise required to so indemnify the Partnership and the other Partners shall be obligated to contribute to any loss, liability, cost or expense resulting from the actions, omissions or events set forth in the above indemnification to the extent of its responsibility therefor, as determined by the trier of fact.

7.7 BASIS FOR RESTRICTIONS AND REMEDIES. The Partners acknowledge that the relationship of each Partner to the other Partners is a personal relationship and that the restrictions on the power of each Partner to withdraw or Transfer its interest in the Partnership or permit the Transfer of ownership interests in such Partner (and in indirect and direct owners of the Highridge Partners), and the remedies of this Agreement, including Section 7.9 (and the purchase and redemption rights contained therein), (i) are necessary to preserve such personal relationship and safeguard the investment of the other Partners in the Partnership, (ii) were a material inducement to the other Partners entering into this Agreement, and (iii) shall be enforceable notwithstanding the Bankruptcy of any Partner or its Affiliates, or any applicable prohibition against restraints on alienation.

7.8 REPRESENTATIONS, WARRANTIES AND COVENANTS.

Each Partner hereby represents and warrants to each of the other Partners as follows:

7.8.1 Such Partner, if not a natural Person, is duly formed and validly existing under the laws of the jurisdiction of its organization with full power and authority to enter into this Agreement and to conduct its business to the extent contemplated in this Agreement;

7.8.2 This Agreement has been duly authorized, executed and delivered by such Partner and constitutes the valid and legally binding agreement of such Partner, enforceable in accordance with its terms against such Partner, except as such enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws relating to creditors' rights generally, by general equitable principles and by any implied covenant of good faith and fair dealing;

7.8.3 The execution and delivery of this Agreement by such Partner and the performance of its duties and obligations hereunder do not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate to which such Partner or any of its Affiliates is a party or by which any of them are bound or to which any of their properties are

subject, or require any authorization or approval under or pursuant to any of the foregoing, or violate any statute, regulation, law, order, writ, injunction, judgment or decree to which such Partner is subject;

7.8.4 Neither such Partner nor any of its Affiliates is in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement, or any license, permit, franchise or certificate, to which it is a party or by which it is bound or to which any of its properties are subject, nor is it in violation of any statute, regulation, law, order, writ, injunction, judgment or decree to which it is subject; but only, in each case, if such default or violation would materially and adversely affect such Partner's ability to carry out its obligations under this Agreement;

7.8.5 There is no litigation, investigation or other proceeding pending or, to the knowledge of such Partner, threatened against such Partner or any of its Affiliates which, if adversely determined, would materially and adversely affect such Partner's ability to carry out its obligations under this Agreement, and, to the knowledge of such Partner and its Affiliates, (i) there is no lawsuit pending against such Partner or its Affiliates alleging fraud against them and (ii) there is no criminal investigation or indictment pending against such Partner or its Affiliates;

7.8.6 To the knowledge of such Partner and such Partner's Affiliates, no consent, approval or authorization of, or filing, registration or qualification with, any court or governmental authority on the part of such Partner is required for the execution and delivery of this Agreement by such Partner and the performance of its obligations and duties hereunder;

7.8.7 Such Partner is acquiring its interest in the Partnership for investment purposes and without a view toward its resale or distribution;

7.8.8 Such Partner is sophisticated in real estate transactions, has been granted access to such financial and other material information concerning the Partnership, its purchase of the initial Investments and Properties, the Initial Development Plan and all Due Diligence Materials with respect to the foregoing as it has requested or may require in connection with its investment in the Partnership, is able, either directly or through its agents and representatives, to evaluate such information and any Due Diligence Materials provided or made available to it from time to time hereunder, and is able to bear the financial risk of loss presented by an investment in the Partnership (which includes the risk of loss of such Partner's entire investment), particularly in light of the risks that would be disclosed by a detailed analysis of the Initial Development Plan and any Due Diligence Materials with respect to the initial Investments or Properties (its access to which, to the full extent such Partner has requested, hereby is confirmed by such Partner) and the fact that the initial Investments are subject to unpredictable real estate values, and the other risks of owning equity or debt investments concerning real estate;

7.8.9 Such Partner has consulted with independent counsel of its choice and recognizes that, although Battle Fowler LLP ("BFLLP") serves as special counsel to Affiliates of both Partner Groups on unrelated matters, BFLLP has not represented the Highridge Partners or their Affiliates in connection

with the Partnership, is acting as the attorney for only the Mack-Cali Partners in connection with the preparation and execution of this Agreement and the formation of the Partnership and Investment Entities, and has not provided tax or other legal advice to the Highridge Partners or their Affiliates in connection therewith (the Highridge Partners and their Affiliates are relying on Mark Abramson, Esq. as their counsel in connection therewith). Each Partner hereby waives all potential conflicts of interest resulting from BFLLP's representation of Mack-Cali Partners hereunder, of the Highridge Partners (or their Affiliates) and the Mack-Cali Partners (or their Affiliates) in unrelated transactions, and resulting from BFLLP's or Mark Abramson's representation of the Partnership or any Investment Entity in the future on matters for which BFLLP or Mark Abramson is retained as counsel by the Partnership or such Investment Entity, PROVIDED, HOWEVER, that BFLLP shall not represent the Partnership, any Partner, or any Partner's Affiliates in any adversarial controversy among the Partnership, and/or any Partner or any Partner's Affiliates (and no conflict waiver has been issued with respect to such representation by BFLLP or by any Partner or its Affiliates in any such controversy);

7.8.10 Such Partner is aware that transfers of interests in the Partnership and within such Partner are subject to the restrictions set forth in Article 7 hereof and that an investment in the Partnership is a long-term investment, without liquidity;

7.8.11 Such Partner is not relying upon any of the other Partners, nor any of their Affiliates as such Partner's agent to assess the merits or risks of this investment, and such Partner understands that no projection of performance shall be actionable if not achieved except in the circumstances specifically set forth in this Agreement;

7.8.12 None of the other Partners is acting as the representative or agent or in any other capacity, fiduciary or otherwise, on behalf of such Partner in connection with the Partnership, any Investment Entity, the Investments or the other matters referred to in this Agreement;

7.8.13 None of the other Partners nor any of the other Partner's agents or representatives has made any binding representations, warranties, projections or assurances to such Partner with respect to the Partnership, the Investments, the performance of the Partnership and the Investments, the safety or the risks involved and/or the tax or economic consequences thereof;

7.8.14 Such Partner is aware that the other Partner and/or the other Partner's Affiliates now and in the future will be, and in the past have been, engaged in businesses which are competitive with that of the Partnership and/or the Investments, and that, no Partner or its Affiliates is required to bring any Investments opportunities to the attention of the Partnership or any Partner (or their Affiliates) for investment.

7.8.15 Such Partner is aware that compensation and reimbursements may be payable to Affiliates of the Partners by the Partnership, as addressed in this Agreement, including pursuant to the Approved Budget attached as Exhibit C;

7.8.16 Such Partner understands that the federal, state and local tax liability of such Partner with respect to the taxable income and gain allocated to such Partner hereunder for any year may exceed the cash distributions from the Partnership to such Partner and, if Tax Payment Loans are unavailable for any reason, such Partner may have to look to sources other than distributions from the Partnership to pay such tax;

7.8.17 Such Partner understands that it may lose its Approval rights (and be subject to having such Partner's interest purchased by the Partnership in certain circumstances) under Section 7.9 and the other provisions of this Agreement if the Partner becomes a Terminated Partner or has committed a Removal Default or Performance Default, and that it has waived its rights to a trial by jury in any dispute concerning this Agreement or the Partnership under Section 9.4;

7.8.18 Except as specifically provided in this Section 7.8, such Partner is not relying upon any representation or warranty of any other Partner, the Partnership, any Investment Entity or any of their respective Affiliates, express or implied, oral or written, other than those contained in this Agreement;

7.8.19 No Partner is required to cause the Controlling Persons of such Partner to devote any specific portion of their time to Partnership business other than as necessary to fulfill such Partner's obligations under this Agreement, and such Controlling Persons are expected to spend substantial amounts of their time on activities that are unrelated to the Partnership;

7.8.20 Such Partner understands that the Partnership and its

Partners are relying on the accuracy of the representations set forth in this Section 7.8 (or contained elsewhere in this Agreement) in entering into this Agreement without requiring that the interests in the Partnership be registered under federal or state securities laws; and

7.8.21 Each Partner Group represents that the ownership interests in such Partner Group (and, in the case of the Highridge Partners, in the direct and indirect owners thereof through all tiered Entities) is as set forth on Exhibit E, and each of the Highridge Partners represents that the partnership agreement or operating agreement pursuant to which each of the Highridge Partners (and each of the direct and indirect, through one or more intermediaries, partners or members thereof) is operated will at all times during the term of this Agreement contain Transfer restrictions that prohibit a violation of the Transfer restrictions contained in this Agreement.

7.9 TERMINATED PARTNER; REMOVAL DEFAULTS; PERFORMANCE DEFAULTS; PURCHASE RIGHTS; CONTROL CHANGE NOTICES.

7.9.1 When a Partner becomes a Terminated Partner or is a Partner in a Partner Group in which any Partner has committed a Removal Default, such Partner shall

automatically cease to have any Approval or voting rights under this Agreement with respect to the Partnership and the Investment entities (and each Property and Investment), except as provided in Section 5.1.6.1. When a Partner becomes a Terminated Partner, (i) such Partner shall cease to be a General Partner as provided in Section 7.9.5, (ii) upon the election of the Partner Group who is not the Terminated Partner (the "Electing Partner"), given by notice from the Electing Partner to the Terminated Partner (a "Purchase Notice") at any time after a Partner becomes a Terminated Partner, the Terminated Partner shall sell the Terminated Partner's entire interest in the Partnership to the Partnership (or to the Electing Partner Group or its designee as set forth in Section 7.9.4), at a price (the "Buy-Out Price") to be determined as hereinafter provided. The Electing Partner shall notify the Terminated Partner in writing of its election (exercisable at any time after a Partner becomes a Terminated Partner) under this clause (ii); and (iii) the other provisions applicable by reason of becoming a Terminated Partner (including Sections 7.9.5 and 8.1.1) shall apply.

If a Purchase Notice has been given under clause (ii) above, the Electing Partner and the Terminated Partner shall attempt to agree upon the Buy-Out Price of the Terminated Partner's entire interest in the Partnership. If such agreement is not reached within thirty (30) days after the notice of election is given, the Terminated Partner, on the one hand, and the Electing Partner, on the other hand, shall each, within ten (10) additional days, appoint an M.A.I. accredited appraiser by notice to the other. The two appraisers so appointed shall, within five (5) additional days, appoint a third M.A.I. accredited appraiser and the three appraisers shall meet to determine the gross proceeds which would have been received by the Partnership if the Partnership and each Investment Entity sold, on the Termination Date, all of their assets (other than interests in each other) for cash at their then fair market value, less all costs and expenses of sale, including closing costs, real estate brokerage commissions and fees, title insurance premiums and escrow fees, appropriate reserves and legal and other expenses incident to such sale (the "Appraised Value"). The Appraised Value shall equal the amount determined by the three appraisers, or if there is a dispute among the three appraisers as to value, the value established by the third appraiser shall be the Appraised Value (but the Appraised Value shall not exceed the highest, or be less than the lowest, value established by the other two appraisers). The cost of such appraisal shall be borne 50% by the Electing Partner and 50% by the Terminated Partner. The Buy-Out Price shall equal (i) the amount the Terminated Partner would receive under Sections 4.1 and 4.2 if all of the assets of the Partnership and each Investment Entity (other than interests in each other) were sold to a third party for the Appraised Value and the Partnership were liquidated, after paying creditors and withholding therefrom any amounts payable by the Terminated Partner under Sections 4.3.2, 5.5.3 and 9.2 and the other provisions of this Agreement, minus (ii) in the case of a Major Default, 10% of the Buy-Out Price (determined before adjustment thereof under this clause (ii)). If the Partnership redeems the Terminated Partner, there shall be no discount in the Buy-Out Price for any encumbrances to which such redeemed interest is subject, but the Partnership shall apply the proceeds of such redemption to satisfy such encumbrances instead of making distributions thereof to the Terminated Partner to the extent required by law (such distributions being deemed for all purposes to have been made to the Terminated Partner by the Partnership and then paid by the Terminated Partner to satisfy such encumbrances). If the interest of the Terminated Partner is purchased by the Electing Partner (or its designee), and not by the Partnership, pursuant to Section 7.9.4, the Buy-Out Price for the Terminated

Partner's interest as determined above shall be reduced to the extent the Electing Partner or its designee acquires the Terminated Partner's interest subject to (or assumes) the encumbrances on such interest at the closing. Within ten (10) days following the determination of the Buy-Out Price, the Electing Partner may elect, in its sole and absolute discretion, by notice to the Terminated Partner, to rescind any notice pursuant to this Section 7.9.1, in which event the right to elect to cause the Terminated Partner to sell its interest to the Partnership or to the other Partner (or its designee) pursuant to this Section 7.9.1 as a result of the event(s) which led to the Purchase Notice (but not any future event which would authorize any such notice) shall no longer be of any force or effect.

7.9.2 The purchase and sale of the Terminated Partner's interest in the Partnership pursuant to this Section 7.9 shall be consummated on or before the thirtieth (30th) day following the date upon which the Buy-Out Price was determined (whether by agreement of the Terminated Partner and the Electing Partner or by appraisal), at the offices of the Partnership, or at such other time and place as may be agreed upon by the Terminated Partner and the Electing Partner. At the closing of such purchase and sale (the "Closing Date"), the Terminated Partner shall execute and deliver to the Partnership (or the Electing Partner or its designee, as appropriate) such instruments of assignment, conveyance and transfer as the Electing Partner may reasonably deem necessary or appropriate to consummate the purchase and sale, and the purchaser shall pay cash to the Terminated Partner in the amount of the Buy-Out Price (adjusted for encumbrances to the extent provided in Section 7.9.1).

7.9.3 Following the Closing Date, (a) the Partnership shall indemnify and hold the Terminated Partner harmless from and against all liabilities of the Partnership arising from acts taken or omitted to be taken by the Partnership after the date of the closing of the sale of the Terminated Partner's interest to the Partnership (or to the Electing Partner or its designee, as appropriate), and (b) the indemnity and liability provisions of Sections 3.5.4 and 5.5 shall continue to apply with respect to the Terminated Partner and its Affiliates.

7.9.4 The Partnership shall fund the purchase of the Terminated Partner's interest pursuant to this Section 7.9 by borrowings or, if the remaining Partner so Approves, by additional Capital Contributions from the Electing Partner, such borrowings or Capital Contributions to occur when needed to make the required payment of the Buy-Out Price. If the Electing Partner so Approves, the interest of the Terminated Partner shall be purchased by the Electing Partner (or its designee, which designee shall be admitted as a Partner hereunder simultaneously with the closing of such purchase of the Terminated Partner's interest in order to avoid a termination of the Partnership, if the remaining Partner so elects by giving notice thereof to the Terminated Partner prior to such closing).

7.9.5 (a) The Mack-Cali Limited Partner shall have the right to appoint a Co-General Partner by notice to the Highridge Partners at any time after it has issued (or simultaneously with its issuance of) a Control Change Notice to the Highridge Partners under this Section 7.9.5, and such Co-General Partner shall automatically be admitted as a general partner of the Partnership under the Act, and become a General Partner of the Partnership under this Agreement, upon the Co-General Partner and each other Mack-Cali Partner executing and delivering to all of the Partners an amendment to this Agreement pursuant to which the Co-General Partner agrees to be bound by the terms of this Agreement (such

amendment need not be executed or Approved by any Highridge Partner in order to be valid). The interest in the Partnership granted to any Co-General Partner shall be as specified by notice to the Highridge Partners from the Mack-Cali Limited Partner and shall reduce the interest in the Partnership of the Mack-Cali Limited Partner accordingly. Any Co-General Partner shall be an Affiliate of the Mack-Cali Limited Partner.

At any time after the Managing General Partner has been deemed to be a Terminated Partner or to have committed a Removal Default under Section 5.9, the Mack-Cali Limited Partner may elect, effective immediately upon the Mack-Cali Limited Partner giving notice to the Highridge Partners, that the Co-General Partner shall become the Managing General Partner and shall assume the Managing General Partner's authority and responsibility in connection with the operation of the Partnership (but the Managing General Partner shall retain Approval rights to the extent set forth in Section 5.1.6.1). Such assumption shall be effective, the Managing General Partner shall cease to be the Managing General Partner and shall have its entire interest reconstituted from a General Partner's interest to that of a Limited Partner having equivalent distribution and tax allocation rights to that previously held by it as a General Partner, the Co-General Partner shall become the Managing General Partner, and the Partnership shall be reconstituted and continued and shall not dissolve, upon the later to occur of (i) five (5) Business Days after the receipt by the Managing General Partner of such notice from the Mack-Cali Limited Partner that it has elected such assumption by the Co-General Partner pursuant to this

Section 7.9.5 (together with any notice described in Section 7.9.5(b), a "Control Change Notice"), or (ii) if the Managing General Partner in good faith denies the assertion that it is a Terminated Partner or that it has committed a Removal Default by giving notice of such denial to the Mack-Cali Limited Partner within five (5) Business Days after receipt by the Managing General Partner of a Control Change Notice, the Determination Date for purposes of this Section 7.9.5, as determined pursuant to the procedure described in Section 5.9. Notwithstanding anything to the contrary contained in this Agreement, the Co-General Partner shall have the right to cause the Partnership to borrow money at any time pursuant to any loan agreement (and/or other documents entered into by the Managing General Partner and/or its Affiliates in connection with such agreement) that has been Approved by the Managing General Partner prior to the Managing General Partner becoming a Terminated Partner or being deemed to have committed a Removal Default under this Agreement, even if under such agreement (and/or such other documents), the Managing General Partner and/or its Affiliates would have personal liability with respect to the repayment of such borrowings (but the indemnity provisions of Article 5 shall continue to apply with respect to the Highridge Partners and any such borrowing).

(b) If the Managing General Partner is deemed to have committed a Performance Default with respect to a Property or Investment under Section 5.9, and the Mack-Cali Limited Partner has appointed a Co-General Partner as provided in this Section 7.9.5, such Co-General Partner shall be entitled to assume complete control over the construction, stabilization, operation and disposition of such Property or Investment. If the Mack-Cali Limited Partner has not appointed a Co-General Partner, the Mack-Cali Limited Partner shall nonetheless have the rights set forth in Section 5.10(ii) with respect to such Property or Investment. The Mack-Cali Limited Partner may give notice to the Managing General Partner at any time after it in good faith believes that the Managing General Partner

has committed a Performance Default stating that it believes that such Performance Default has occurred (such notice shall constitute a "Control Change Notice" for purposes of this Agreement). The change in control described in this Section 7.9.5(b) (and the rights of the Mack-Cali Limited Partner under Section 5.10(ii) to control certain actions and decisions) shall be effective upon the later to occur of (i) five (5) Business Days after the receipt by the Managing General Partner of the Control Change Notice with respect to such Performance Default, or (ii) if the Managing General Partner in good faith denies the assertion that it has committed a Performance Default by giving notice of such denial to the Mack-Cali Limited Partner within five (5) Business Days after receipt by it of a Control Change Notice, the Determination Date for purposes of this Section 7.9.5, as determined pursuant to the procedure described in Section 5.9.

7.9.6 The Partners have agreed to the remedies contained in this Section 7.9 for the reasons set forth in Section 7.7.

ARTICLE 8

TERM, DISSOLUTION AND TERMINATION

8.1 EVENTS OF DISSOLUTION. The Partnership shall continue until DECEMBER 31, 2005, or such later date as is Approved by the Partners; PROVIDED, HOWEVER, that dissolution and liquidation shall occur prior to that date upon the occurrence of any one of the following events:

8.1.1 An election to dissolve the Partnership being made in writing by the Approval of the Partners other than any Terminated Partner or Partner who has committed a Removal Default;

8.1.2 The sale for cash, exchange or other disposition of all or substantially all of the assets of the Partnership and each Investment Entity;

8.1.3 The Bankruptcy or dissolution (without reconstitution within sixty (60) days thereafter) of any General Partner, unless the Partnership is reconstituted and continued as provided in Section 8.4; or

8.1.4 Any other event resulting in the dissolution or liquidation of the Partnership that is expressly described in this Agreement.

8.2 LIMITATION ON DISSOLUTION. Until the dissolution of the Partnership otherwise occurs, no Partner shall voluntarily retire, resign or withdraw from the Partnership, take any step voluntarily to dissolve itself or voluntarily cause a dissolution of the Partnership, except as provided in this Agreement (including Section 8.1).

8.3 LIQUIDATION AND WINDING UP.

8.3.1 If the Partnership is dissolved for any reason and is not reconstituted pursuant to Section 8.4.1, each of the Mack-Cali Limited Partner and the Managing General Partner, unless such Partner is a Terminated Partner or has committed a Removal Default (collectively, the "Liquidator") shall commence to wind up the affairs of the Partnership, to liquidate and sell the Properties and to liquidate the Investment Entities in an orderly manner as reasonably Approved by the Partners (subject to Section 5.10(i)) as soon as is practicable thereafter. A third-party liquidator may be appointed if Approved by the Partners. Any Liquidator other than the Partners shall have sufficient business expertise and competence to conduct the winding up and termination of the business of the Partnership. No Liquidator who is a Partner shall be paid any compensation or fee for conducting the liquidation of the Partnership or any Investment Entity. Notwithstanding anything to the contrary contained in this Agreement, if one Partner Group has the unilateral right (without the Approval of the other Partner Group) to cause the sale or other disposition of a Property or Investment under any provision of this Agreement, such Partner Group shall be the Liquidator with respect to such Property or Investment and may sell or otherwise dispose of such Property or Investment on such terms as shall be Approved by such Partner Group (whether during the term of the Partnership or in liquidation), subject, however, to the restrictions on transfers of such Property or Investment to Affiliates of such Partner Group that are contained in this Agreement (including Section 5.11).

8.3.2 The Liquidator shall proceed with such liquidation in as expeditious a manner as is reasonably practicable. The holders of interests in the Partnership shall continue to share income and losses during the period of liquidation in accordance with Article 4.

8.3.3 If a Partner or an Affiliate of a Partner desires to purchase any of the Partnership's remaining assets, the price, terms and conditions of such purchase shall be subject to the Approval of the Partners and the restrictions described in this Agreement (including Section 5.11) on transactions with Affiliates.

8.3.4 Except as expressly provided in this Article 8, any Liquidator which is not a Partner shall have and may exercise all of the powers conferred upon the Managing General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers), to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during the Liquidation Period.

8.3.5 If (i) the Partnership is dissolved for any reason and is not reconstituted and continued pursuant to Section 8.4.1, (ii) all General Partners have become Bankrupt or been dissolved, and (iii) within ninety (90) days following the date of dissolution a Liquidator or successor Liquidator has not been appointed by the remaining Partners pursuant to Section 8.3.1, any interested party shall have the right to seek judicial supervision of the winding up of the Partnership pursuant to the Act.

8.3.6 After making payment or provision for payment of all debts and liabilities of the Partnership and all expenses of liquidation, the Liquidator shall establish, for a period not to exceed twelve (12) months after the date the liquidation is complete, such cash

reserves as are reasonably necessary for any foreseeable, contingent or unforeseen liabilities or obligations of the Partnership, the Investment Entities or the Partners or their Affiliates with respect to the Partnership obligations.

8.3.7 After the liquidation of the Partnership or the acquisition of an Investment or Property from the Partnership by a Partner Group, the Partners and/or their Affiliates may employ Persons who previously were employed by the Partnership or an Investment Entity, PROVIDED, HOWEVER, that neither the Mack-Cali Partners nor the Highridge Partners may engage the services of any Partnership or Investment Entity employee (other than any on-site employee of a Property in which all of the interests of the Partners have been acquired by one Partner Group if such employee has no responsibilities with respect to any other Property owned by the Partnership or an Investment Entity, E.G., a day porter) except upon six months' prior notice to the other (whether within the first twelve (12) months after the liquidation of the Partnership or otherwise), and no employee of the Partnership shall render services simultaneously to the Partnership or an Investment Entity and to any Partner or its Affiliates without the Approval of both the Mack-Cali Partners and the Highridge Partners.

8.3.8 This Section 8.3.8 shall apply if Partnership assets or Investment Entity assets are sold for consideration that includes notes payable to the Partnership (or payable to an Investment Entity) or interests in a REIT, and the provisions of this Section 8.3.8 shall apply notwithstanding any other provision of this Agreement.

(a) To the extent such consideration includes notes payable, such notes payable shall, upon receipt by the Partnership or any Investment Entity, be distributed in-kind to the Partners. The Gross Asset Value of such notes at the time of such distribution shall be the principal amount payable under such notes if held to maturity. Each Partner shall have an undivided interest in such notes equal to the percentage obtained by multiplying the Gross Asset Value of such notes by a fraction whose numerator equals the amount such Partner would receive under Sections 4.1 and 4.2 if cash equal to such Gross Asset Value were paid to the Partner pursuant to such Sections as loan repayments or distributions instead of such notes, and whose denominator equals such Gross Asset Value. The Partner shall own such notes pursuant to a tenancy-in-common agreement to be reasonably Approved by the Partners at the time of such disposition (such tenancy-in-common agreement shall be prepared at Partnership expense).

(b) To the extent such consideration consists of interests in a REIT, such interests shall, upon receipt by the Partnership or any Investment Entity, be distributed in-kind to the Partners except as otherwise set forth below in Section 8.3.8(c). The Gross Asset Value of such interests at the time of such distribution ("REIT Share Value") shall be:

(i) in the case of publicly traded stock, the share price at the time of such receipt by the Partnership multiplied by the number of shares of stock received by the Partnership;

(ii) in the case of interests that are convertible into publicly traded stock, the share price (at the time of the receipt by the

Partnership of such interests) of such publicly traded stock multiplied by the number of shares of such stock into which such interests are convertible;

(iii) in the case of interests that are neither publicly traded nor convertible into publicly traded stock, the value of the property of the Partnership or Investment Entity disposed of to the REIT as set forth in the documents pursuant to which such disposition was made to the REIT (or if no such value is set forth in such documents, the fair market value of such property determined under Section 5.10(iii), such determination to be made without regard to any restrictions to which such interests are subject or any minority or liquidity discount with respect thereto).

Each Partner shall receive a distribution of such portion of the interests in the REIT equal to the percentage obtained by multiplying the aggregate REIT Share Value of all interests in the REIT that are received by the Partnership or Investment Entity by a fraction (A) whose numerator equals the amount such Partner would receive under Sections 4.1 and 4.2 if cash equal to such aggregate REIT Share Value were paid to the Partners pursuant to such Sections as loan repayments or distributions instead of such interests in the REIT, and (B) whose denominator equals such aggregate REIT Share Value.

(c) Notwithstanding the provisions of Section 8.3.8(b), distributions of interests in a REIT shall not be required (unless otherwise Approved by the General Partners) for so long as such distribution is prohibited by the documents pursuant to which such interests were received (the Partners conducting the transaction with the REIT shall make reasonable, good faith attempts to avoid such a prohibition). If the interests in the REIT are not distributed to the Partners at the time of their receipt by reason of the operation of this Section 8.3.8(c), (I) such interests shall nevertheless be deemed to have been distributed to the Partners, for all purposes of this Agreement, at the time of their receipt by the Partnership or Investment Entity in proportion to the percentage thereof that each Partner would receive if such interests were distributed at the time receipt under Section 8.3.8(b), and (II) upon the ultimate distribution of such interests in the REIT or the proceeds from the sale or other disposition thereof by the Partnership, each Partner shall receive the percentage thereof determined pursuant to clause (I) of this Section 8.3.8(c) (regardless of the value of such interests at the time of such ultimate distribution or the amount of the proceeds from the sale or other disposition thereof).

(d) The Partners conducting the transaction with the REIT shall use reasonable good faith efforts to structure any disposition of Partnership or Investment Entity assets for notes or interests in a REIT in a manner that will facilitate compliance with this Section 8.3.8.

8.4 RECONSTITUTION AFTER BANKRUPTCY OR DISSOLUTION OF A GENERAL PARTNER.

8.4.1 Upon the Bankruptcy or dissolution (without reconstitution within sixty (60) days thereafter) of any of the General Partners, the Partnership shall be dissolved and liquidated unless within ninety (90) days subsequent to such event the remaining Partners (other than Partners in the same Partner Group as the Bankrupt General Partner) so elect, by giving notice to all Partners, to reconstitute the Partnership and to continue the business of the Partnership. If such election is made, then (i) the Partnership shall not be dissolved and liquidated; (ii) the Partnership and the business of the Partnership may be reconstituted and continued, under and pursuant to the provisions of this Agreement; (iii) the Terminated Partner's interest in the Partnership may be purchased as set forth in Section 7.9, and upon such Bankruptcy or dissolution, the other rights against a Terminated Partner under Section 7.9 shall also apply to the extent applicable; and (iv) the Certificate shall be amended to reflect such continuation.

8.5 DISTRIBUTION UPON DISSOLUTION AND CAPITAL ACCOUNT ADJUSTMENTS. Upon dissolution of the Partnership without reconstitution as permitted by this Article 8, the Partnership's assets shall be sold or otherwise disposed of to third parties as directed by the Liquidator (subject to Sections 5.10, 5.11 and 8.3.8), and, after paying or providing for liabilities owing to creditors and the establishment of such reserves as are reasonably necessary for foreseeable, contingent or unforeseen liabilities or obligations of the Partnership, the Investment Entities, or the Partners or their Affiliates with respect to Partnership or Investment Entity obligations for a period of up to twelve (12) months after the liquidation has been completed, the remaining liquidation proceeds (and the reserves, after the expiration of a reasonable period of time of up to twelve (12) months after the liquidation has been completed) shall be distributed pursuant to Section 4.2 (subject to Section 8.3.8).

8.6 COMPLIANCE WITH TIMING REQUIREMENTS OF TREASURY REGULATIONS. Notwithstanding anything in this Article 8 to the contrary, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made to the Partners within the time required by Regulations Section 1.704-1(b)(2)(ii)(b)(2) to the extent practicable. A liquidation occurring as a result of a Tax Termination shall be treated as provided in Regulations Section 1.708-1(b)(1)(iv), or otherwise as required by successor Regulations, if any.

ARTICLE 9

MISCELLANEOUS

9.1 OTHER INTERESTS. No Partner and no Affiliate of a Partner shall have any right, by virtue of this Agreement or otherwise, to share or participate in or to Approve any other investments or activities of any other Partner or the income or proceeds derived therefrom. No Partner and no Affiliate of any Partner shall be obligated to offer or to bring to the attention of the Partnership, any other Partner or its Affiliates, any property or other business investment or opportunity, whether or not within the scope of the Partnership's purposes, and any Partner and any Affiliate of any Partner may at any time during the term of the Partnership own, invest in, develop or manage, directly or indirectly, any property or other business investment or opportunity, whether or not competitive with the Partnership, any Investment Entity, the Properties, the Investments or the Partnership's or any Investment Entity's other assets, and whether or not within the scope of the Partnership purposes. Each of the Partners acknowledges and agrees that each Partner and its Affiliates have engaged or invested in, are now engaged and investing in and will in the future be offered, consider, engage and/or invest in other business or real property ventures of every kind and nature, including the ownership, acquisition, financing, leasing, operating, management, syndication, brokerage and development of real property and other investments and opportunities to make or purchase loans which are competitive with the Properties and/or the Investments and the business of the Partnership and the Investment Entities, and none of the Partners or their Affiliates shall have any obligation or responsibility to disclose, account for or offer any of such real properties, investments or opportunities to the Partnership or any Partner or their Affiliates, and the Partnership, the Partners and their Affiliates shall have no rights or interests therein.

9.2 DAMAGES; CERTAIN CURE RIGHTS; OFFSET. Each Partner shall be liable to the Partnership and the other Partners for any actual (but not consequential or incidental) damages arising from any breach of this Agreement. Except as provided in Sections 2.1.2, 2.2.2.1, 3.5.4, 3.11, 4.3.2, 5.5.1, 5.5.3 or 7.6, the liability of any Partner shall be limited to such Partner's interest in the Partnership. Upon any alleged breach or default of this Agreement by any Partner, it shall be a condition to any action against such Partner that such

Partner shall have received notice of such alleged breach or default (which may be any notice otherwise required by this Agreement) and that such Partner shall have failed to completely (at its expense, without right of reimbursement from the Partnership or the other Partners) cure or commence to completely cure such alleged breach or default within thirty (30) days following such notice and failed, at all times thereafter, to use diligent efforts to pursue such cure to completion, but in no event beyond ninety (90) days. Notwithstanding anything in this Agreement to the contrary, (a) there shall be no cure period for a Major Default, and (b) the only cure period for failure timely to make a Capital Contribution under Article 2 is set forth in Sections 2.2.1 and 2.2.2. Notwithstanding anything in this Agreement to the contrary, all amounts payable to a Partner under this Agreement or to a Partner or an Affiliate of a Partner under any agreement with the Partnership or an Investment Entity shall be subject to offset for amounts owed to the Partnership or the other Partners and their Affiliates by such Partner or its Affiliates under this Agreement or such agreement with such Affiliate and shall be withheld and either retained by the Partnership or reallocated to the other Partners in a reasonable manner, as the case may be. If a Partner breaches this Agreement and fails to cure such breach within the time required by this Section 9.2, the Partners of the other Partner Group may take such actions (or cause the Partnership or any Investment Entity to take such actions) as are reasonably necessary to cure such breach at the breaching Partner's expense. If the Partners have established a course of conduct of granting Approvals orally as provided in Section 1.12, no Partner will be liable for any breach of this Agreement (regardless of whether such breach is capable of being cured) if such Partner reasonably and in good faith believed that such action was consented to orally by the other Partner Group; PROVIDED, HOWEVER, that the foregoing shall not apply with respect to the Approvals described in the last sentence of Section 1.12. Notwithstanding anything in this Agreement to the contrary, (i) no Highridge Partner shall be liable for any mistakes made by it in implementing the Development Plan for any Property that are made in good faith and do not constitute gross negligence, actual fraud or intentional misappropriation of funds and (ii) for purposes of applying Section 5.5 and this Section 9.2, a Highridge Partner shall not be liable for (or be ineligible to receive indemnification under Section 5.5 by reason of) the acts of any Affiliate of the Highridge Partners or of any employee of any Highridge Partner or their Affiliates, or be liable for (or be ineligible to receive indemnification under Section 5.5 by reason of) the acts of any Affiliate of any Highridge Partner, except to the extent that the act of such employee or Affiliate in question (A) occurred as a result of the failure of a Highridge Partner to conduct the employee and Affiliate supervision procedures to the extent required under Exhibit J or (B) occurred with the prior actual and specific knowledge of John S. Long, Eugene S. Rosenfeld or Steven A. Berlinger.

9.3 NO AGENCY. Except as provided herein, nothing herein contained shall be construed to constitute any Partner hereof the agent of any other Partner hereof or to limit in any manner the carrying on of each Partner's respective businesses or activities.

9.4 GOVERNING LAW. It is the intent of the parties hereto that all questions with respect to the construction of this Agreement and the rights and liabilities of the parties hereto shall be determined in accordance with the provisions of the laws of the State of Delaware as applicable to a limited partnership formed under the Act. The United States District Court for the Central District of California, the Superior Court for Los Angeles County, California and the United States District Court for the Southern District of New York shall be the exclusive appropriate venues to litigate questions of interpretation under this Agreement or the rights of the parties hereunder. Each of the parties hereto hereby waives any and all rights to a trial by jury with respect to any dispute among the Partners or their Affiliates or among a Partner (or its Affiliates) and the Partnership concerning this Agreement, the Partnership, any Investment Entity or any Investment or Property. In any dispute among the Partners concerning the Partnership or this Agreement, the prevailing Partner(s) shall be entitled to recover its reasonable attorneys' fees and costs (including litigation and collection costs) from the non-prevailing Partner(s).

9.5 NOTICES. Any notices or solicitations of Approval required or permitted to be given under the terms of this Agreement shall be in writing and shall be deemed to have been given when (i) personally delivered with signed delivery receipt obtained, (ii) when transmitted by facsimile machine, if followed by a mailing thereof pursuant to this Section 9.5 before the end of the first business day thereafter, with printed confirmation of successful transmission to the facsimile number set forth in the appropriate address listed below being obtained by the sender from the sender's facsimile machine or telephonically from the addressee, or (iii) when deposited in the United States first class mail if sent postage prepaid by registered or certified mail, return receipt requested, in each case addressed as follows:

IF TO ANY OF THE MACK-CALI PARTNERS, to it in care of:

Mr. Mitchell E. Hersh

Roger W. Thomas, Esq.
Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
Phone: (908) 272-8000
Fax: (908) 272-0214

with a copy to:

Battle Fowler LLP
1999 Avenue of the Stars, Suite 2700
Los Angeles, California 90067
Attn: Sanford C. Presant, Esq.
Phone: (310) 277-6625
Fax: (310) 277-6627

IF TO ANY OF THE HIGHRIDGE PARTNERS, to it in care of:

Mr. John Long
Mr. Gene Rosenfeld
Mr. Steven Berlinger
c/o Highridge Partners, Inc.
300 Continental Boulevard, Suite 360
El Segundo, California 90245
Phone: (310) 648-7600
Fax: (310) 648-7619

with a copy to:

Mark Abramson, Esq.
300 Continental Boulevard, Suite 360
El Segundo, California 90245
Phone: (310) 648-7600
Fax: (310) 648-7619

The time to respond to any notice shall commence to run on the date of delivery at the appropriate addresses (or attempted delivery if delivery is refused during normal business hours). A Partner may change the address to which notices shall be sent to it, or any of its Authorized Representatives, by written notice to all Partners (said change of address or of Authorized Representatives to be effective upon receipt by all Partners).

9.6 PRONOUNS AND PLURALS. References herein to the singular shall include the plural and to the plural shall include the singular, and references to the masculine gender shall include the feminine and neuter genders (and vice versa), except where the same shall not be appropriate.

9.7 WAIVER. No consent or waiver, express or implied, by any Partner to or of any breach or default by any other Partner in the performance by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default by the other in the performance by such other party of the same or any other obligations of such Partner hereunder. Failure on the part of any Partner to object to or complain of any act or failure to act of any other Partner or to declare any other Partner in default, irrespective of how long such failure continues, shall not constitute a waiver by such Partner of its rights hereunder.

9.8 SEVERABILITY. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

9.9 TITLES AND CAPTIONS. All Article or Section titles or captions contained in this Agreement are for convenience only and shall not be deemed a part of the content of this Agreement.

9.10 AGREEMENT IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument when taken together. In addition, this Agreement may contain more than one counterpart of the signature page and the Agreement may be executed by the affixing of the signatures of each of the Partners to one or more of such counterpart signature pages; all of such signature pages shall be read as though one, and shall have the same force and effect as though all of the signers had signed a single signature page. A Partner shall be deemed to have executed and delivered this Agreement if and when it has manually executed a counterpart signature page to this Agreement, transmitted a copy of the same by facsimile to the other Partners at such other Partner's facsimile number set forth above, and received a printed confirmation

of the successful receipt thereof by such other Partner. This Agreement shall not be binding on Partners hereto unless each Partner shall have executed and delivered a copy of this Agreement to the other Partners. If this Agreement is executed and delivered by facsimile, each Partner who transmits its signature page for this Agreement by facsimile shall promptly forward a manually executed signature page to the other Partner (but a Partner's failure to do so promptly shall not affect the validity of its execution and delivery of this Agreement by facsimile transmission).

9.11 BINDING AGREEMENT. This Agreement shall inure to the benefit of and be binding upon the undersigned Partners and their respective heirs, executors, legal or personal representatives, successors and assigns. Whenever in this instrument a reference to any party or Partner is made, such reference shall be deemed to include a reference to the heirs, executors, legal or personal representatives, successors and assigns of such party or Partner.

9.12 FURTHER ASSURANCES. Each Partner shall execute and deliver such further instruments and do such further acts and things as may reasonably be required to carry out the intent and purposes of this Agreement promptly upon request from any other Partner.

9.13 WAIVER OF PARTITION. Unless otherwise specifically provided in this Agreement (including Article 8), no Partner shall, and each Partner hereby irrevocably waives the right to, either directly or indirectly, take any action to require partition or appraisement of the Partnership, any Property, any Investment, any Investment Entity, or any part thereof, and, notwithstanding any provision of applicable law to the contrary, each Partner hereby irrevocably waives any and all right to maintain any action for partition or to compel any sale with respect to its interest in the Partnership or with respect to the assets of the Partnership or the Investment Entities, or any part thereof.

9.14 ENTIRE AGREEMENT. This Agreement contains the final and entire agreement among the parties hereto with respect to the subject matter hereof, including the Investments, and they shall not be bound by any terms, conditions, statements or representations, oral or written, with respect thereto that are not contained herein.

9.15 AMENDMENTS. Except as expressly provided in this Agreement (including Section 7.9.5), this Agreement may be modified or amended only upon the Approval of the Partners.

9.16 NO DRAFTING PRESUMPTION. In interpreting the provisions of this Agreement, no presumption shall apply against any Partner that otherwise would operate against such Partner by reason of such document having been drafted by such Partner or at the direction of such Partner or an Affiliate of such Partner.

9.17 NO THIRD-PARTY BENEFICIARIES. Except for the representations concerning conflict waivers pertaining to BFLLP in Section 7.8.9 (which shall inure to the benefit of BFLLP), the provisions of this Agreement are not intended to be for the benefit of any creditor or other Person (other than the Partners in their capacities as such) to whom any debts, liabilities or obligations are owed by (or who otherwise have a claim against or dealings with) the Partnership or the Partners, and no such creditor or other Person shall obtain any rights under any of such provisions (whether as a third-party beneficiary or otherwise) or shall by reason of any such provisions make any claim in respect to any debt, liability or obligation (or otherwise) including any debt, liability or obligation with respect to Capital Contributions, against the Partnership or the Partners. In addition, no deficit balance in any Partner's Capital Account or in the capital account of any partner or Partner of a Partner shall be an asset of the Partnership, and no Partner shall be obligated to restore any such deficit balance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement of Limited Partnership is executed, and is effective for all purposes, as of the date first set forth above.

GENERAL PARTNER:

HCG DEVELOPMENT, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management, L.L.C.,
a Delaware limited liability company

By: Highridge Management, Inc.,
a California corporation, its
Managing Member

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

LIMITED PARTNERS:

SUMMIT PARTNERS I, L.L.C.,
a Delaware limited liability company

By: Highridge Asset Management, L.L.C.,
a Delaware limited liability company,
its Manager

By: Highridge Management Inc.,
a California corporation
its Managing Member

By:

Name:

Title:

MACK-CALI CALIFORNIA DEVELOPMENT ASSOCIATES L.P.,
a California limited partnership

By: MACK-CALI SUB XXI, INC.,
a Delaware corporation, its general partner

By:

By:

Name:

Title:

EXECUTED BY EACH OF THE UNDERSIGNED
SOLELY TO CONFIRM THE PROVISIONS OF
SECTION 3.11 THAT APPLY TO HIM:

- ---
JOHN S. LONG

- ---
EUGENE S. ROSENFELD

[END OF SIGNATURES]

EXHIBIT A

DEFINED TERMS

Capitalized terms that are used in the Agreement of Limited Partnership to which this Exhibit is attached shall have the meaning set forth below in this Exhibit A:

"ABANDONMENT DECISION" is defined in Section 5.10(iv).

"ACQUISITION DOCUMENTS" means the documentation necessary to acquire any Investment or Property that has been Approved by the Partners for acquisition, including any acquisition loan documentation.

"ACT" shall mean the Delaware Revised Uniform Limited Partnership Act, as amended from time to time (Delaware Code, Title 6, Sections 17-101, ET SEQ.).

"ADJUSTED CAPITAL ACCOUNT DEFICIT" shall mean, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant tax year, after giving effect to the following adjustments:

Credit to such Capital Account any amounts which such Partner is obligated to restore or is deemed to be obligated to restore to the Partnership pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"AFFILIATE" shall mean (a) with respect to any Highridge Partner: John S. Long, Eugene S. Rosenfeld, their Family Members, the Highridge GP, the Highridge Limited Partner, and any Entity Controlled, Controlling or under common Control (directly or indirectly) by or with one or more of them and/or their Affiliates, and (b) with respect to any Mack-Cali Partner: the Mack-Cali Limited Partner, any Co-General Partner and any Entity Controlled, Controlling or under Common Control (directly or indirectly) by or with one or more of them and/or any of their Affiliates. For the purposes of this Agreement, the term "Control," or any derivative thereof (including "Controlled by" or "Controlling"), when used with respect to any specified Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, or by contract; PROVIDED, HOWEVER, that, without limiting the generality of the foregoing, (a) any Person which, together with its Affiliates, owns, directly or indirectly, securities representing more than 50% of the value or ordinary voting power of a corporation or more than 50% of the partnership, general partnership, membership or other ownership interests (based upon

value or vote) of any other Person is deemed to Control such corporation or other Person, (b) a general partner shall always be deemed to Control any partnership of which it is a general partner, and (c) a member-manager of a limited liability company shall always be deemed to Control any limited liability partnership of which it is a member- manager.

"AGREEMENT" shall mean and refer to this Agreement of Limited Partnership and all Exhibits referred to herein and attached hereto, each of which is hereby made a part hereof, as amended and in effect from time to time.

"AGREEMENT DATE" shall mean the date first written above as of which this Agreement is effective.

"ALL CASH ELECTION" is defined in Section 5.11(b).

"APPRAISAL NOTICE" is defined in Section 5.11(a).

"APPRAISAL FIRST OFFER PRICE" is defined in Section 5.11(a).

"APPRAISED VALUE" is defined in Section 7.9.

"APPROVAL" (and any variation thereof) of a Partner shall mean the prior written (or oral to the extent permitted by Section 1.12) consent or approval of such Partner, which may be granted or withheld in its sole discretion unless otherwise expressly provided to the contrary in this Agreement. Such Approval shall be valid for a Partner who is not a natural person only if given by an Authorized Representative of such Partner. Use of the term "reasonable" or "reasonably" in connection with the term "Approval" or any variation thereof or with the term "satisfactory" means that such Approval shall not be withheld or

delayed unreasonably. Unless either of such terms is used in connection with the term "Approval" (or any variation thereof), such Approval may be granted or withheld in a Partner's sole discretion. If the Approval of any Partner to any action is required under this Agreement and such Partner shall not have given notice of disapproval or Approval of such action to the other Partners within ten (10) Business Days after receipt of the notice requesting that such Approval be given (or such earlier or later date as may be established pursuant to this Agreement for the giving or withholding of such Approval), such Partner shall be deemed not to have given such Approval. Except as provided in Section 5.1, the Approval of a Partner shall not be required from and after the date on which such Partner has ceased to have Approval rights under this Agreement, regardless of whether this Agreement otherwise requires the "Approval" of such Partner or the "Approval" of the Partners". The terms "Approved by the Partners" and "Approved by the General Partners" (or any variation of such terms) are defined in Section 1.12.

"APPROVED DEVELOPMENT PLAN" means a Development Plan (or supplement thereto) with respect to a Property or Investment that has been Approved by the Partners as provided in Section 5.1.3.4 of this Agreement.

"APPROVED OVERHEAD BUDGET" is defined in Section 5.1.3.1.

"APPROPRIATE SHARING RATIO" is defined in Section 3.5.4.

"AUTHORIZED REPRESENTATIVES" is defined in Section 1.12 hereof.

"BANKRUPT" shall mean, with respect to any Partner, if:

(a) such Partner, or a Person that Controls such Partner (the "Controlling Person"), shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, administrator, liquidator or the like of itself or of all or of a substantial portion of its assets, (ii) admit in writing its inability, or be generally unable or deemed unable under any applicable law, to pay its debts as such debts become due, (iii) convene a meeting of creditors for the purpose of consummating an out-of-court arrangement, or entering into a composition, extension or similar arrangement, with creditors in respect of all or a substantial portion of its debts, (iv) make a general assignment for the benefit of its creditors, (v) place itself or allow itself to be placed, voluntarily or involuntarily, under the protection of the law of any jurisdiction relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, or (vi) take any action for the purpose of effecting any of the foregoing; or

(b) a proceeding or case shall be commenced in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of debts, of such Partner or a Controlling Person with respect thereto, (ii) the appointment of a trustee, receiver, custodian, administrator, liquidator or the like of such Partner or of a Controlling Person with respect thereto or of all or a substantial portion of such Partner's or such Controlling Person's assets, or (iii) similar relief in respect of such Partner or such Controlling Person under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, without the consent of the other Partner and such proceeding or case shall continue undismissed for a period of ninety (90) days, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of sixty (60) days, or an order for relief or other legal instrument of similar effect against such Partner or such Controlling Person shall be entered in an involuntary case under such law and shall continue for a period of sixty (60) days.

"BANKRUPTCY" shall mean any condition described in the definition of "Bankrupt" which renders a Partner a Bankrupt.

"BANKRUPTCY CODE" shall mean Title 11 of the United States Code, 11 U.S.C. Section 101 ET SEQ., as is now in effect or hereafter amended.

"BFLLP" is defined in Section 7.8.9.

"BORROWING MEMBER" is defined in Section 3.11.

"BUSINESS DAY" shall mean any day on which commercial banks are authorized to do business and are not required by law or executive order to close in both Los Angeles, California and New York, New York.

"BUY-OUT PRICE" is defined in Section 7.9.1.

"CAPITAL ACCOUNT" shall mean, with respect to any Partner, the book Capital Account maintained for such Partner in accordance with the provisions of Section

3.1.

"CAPITAL CONTRIBUTION" or "CAPITAL CONTRIBUTIONS" shall mean the amount of cash and the net fair market value (as reasonably Approved by the Partners) of any property contributed to the capital of the Partnership by the Partners pursuant to this Agreement. The term "Capital Contributions" with respect to a Partner shall include (i) the contributions of such Partner made pursuant to Sections 2.1 and 2.2 and any other Section of this Agreement pursuant to which Capital Contributions are deemed made by the Partners, and (ii) such Partner's payments that are Approved by the Partners (to the extent such Approval is required under this Agreement) which are made to third-party creditors of the Partnership with respect to Partnership obligations unless and until reimbursed by the Partnership, but only to the extent reimbursable to such Partner under this Agreement.

"CAPITAL RECEIPTS" shall mean (i) the sum of (a) the proceeds received by the Partnership from the sale, exchange or any other disposition of all or any portion of any Investment (including any Partnership Interest), plus (b) all amounts received by the Partnership from any Investment Entity on account of the sale, exchange or other disposition of all or any portion of any Property, Investment or other asset owned by such Investment Entity reduced by (ii) the sum of (a) all expenditures made by the Partnership in connection with such sale, exchange or other disposition that are required in connection with such sale, exchange or other disposition or that are reasonably Approved by the Partners, plus (b) loan repayments made from such proceeds as are required pursuant to loan documentation or otherwise Approved by the Partners, plus (c) amounts set aside as reserves therefrom that have been reasonably Approved by the Partners.

"CERTIFICATE" shall mean the Certificate of Limited Partnership of the Partnership, as filed with the Office of the Secretary of State of the State of Delaware in accordance with the Act, and as in effect from time to time.

"CLOSING DATE" is defined in Section 7.9.2.

"CODE" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time (or any corresponding provision of succeeding law).

"CO-GENERAL PARTNER" means any General Partner appointed by the Mack-Cali Limited Partner as provided in Section 7.9.5.

"CONTROL" or "Controlled by" or "Controlling", is defined in the definition of "Affiliate."

"CONTROL CHANGE NOTICE" is defined in Section 7.9.5.

"CONTROLLING PERSON" is defined in the definition of the term "Bankrupt".

"DEADLOCK" is defined in Section 5.10.

"DEADLOCK NOTICE" is defined in Section 5.10.

"DEFAULTING PARTNER" shall have the meaning set forth in Section 2.2.2.

"DEVELOPMENT PLAN" is defined in Section 5.1.3.4.

"DETERMINATION DATE" is defined in Section 5.9.

"DISBURSEMENT REQUEST" is defined in Section 2.1.2.1(ii).

"DISCRETIONARY OUTLAYS" is defined in Section 5.1.3.2.

"DISPOSITION" is defined in the definition of "Gain or Loss on Disposition."

"DUE DATE" is defined in Section 2.2.1.

"DUE DILIGENCE MATERIALS" shall mean any documents that have been made available to the Partners under Section 5.1.6.2 in connection with acquiring and Approving Investments, including any Investment Entity's acquisition of a Property, such as lease abstracts, contracts (including service contracts and brokerage agreements), title reports, surveys, engineering and geological studies and reports, environmental investigations and reports, cost analyses, feasibility studies, financial projections, leases and other such materials relating to any Investment, Property or proposed investment by the Partnership or any Investment Entity.

"ELECTING MEMBER(S)" is defined in Section 7.9.1.

"EMERGENCY" shall mean an event which reasonably requires immediate action involving the expenditure of funds or other action in order to avert or mitigate significant damage to Persons or property in connection with the Partnership,

any Investment Entity or any of their assets if it is not possible (after a reasonable effort) for a Partner to reach or obtain the Approval of the other Partners whose Approval to take such action otherwise would be required.

"ENTITY" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, joint-stock company, cooperative, association or other firm or any governmental or political subdivision or agency, department or instrumentality thereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"FAMILY MEMBER" with respect to an individual shall mean such individual's present or former spouse, brothers and sisters (whether by whole or half blood), lineal ascendants or descendants or their respective spouses, or a trustee or custodian for the benefit of any of them.

"FIRST OFFER NOTICE" is defined in Section 5.11.

"FMV APPRAISAL PROCEDURE" is defined in Section 5.11.

"FMV NOTICE" is defined in Section 5.10(iv).

"FORCE MAJEURE" shall mean any act of God (including weather disturbance, earthquake, fire, mechanical failure of equipment, disease and the like), labor strike or work stoppage or slowdown, material shortages, sabotage, war, riot, moratorium, governmental action or inaction, or any other act of any third party that reasonably prevents an action from being taken through no fault of the Partner who is required to take such action or such Partner's Affiliates.

"FUNDING NOTICE" is defined in Section 2.1.2.

"FUNDING PROPORTION" shall mean the percentage set forth as such for each Partner on Exhibit B hereto.

"GAIN" OR "LOSS" ON "DISPOSITION" shall mean (i) the gain or loss (as the case may be) of the Partnership for federal income tax purposes (as computed for book purposes), arising from a sale, exchange or other taxable disposition (including casualty or condemnation) of all or a portion of any Investment (including any Partnership Interest) and (ii) the Partnership's distributive share of the gain or loss for federal income tax purposes arising from the sale, exchange or other taxable disposition of all or a portion of any of the asset of any Investment Entity. Gain or loss resulting from any disposition of Revalued Property for which there is a difference between Gross Asset Value and adjusted tax basis (as computed for tax as opposed to book purposes) shall be computed by reference to the Gross Asset Value (as reasonably Approved by the Partners) of the property disposed of (as adjusted for book purposes from time to time).

"GAV NOTICE" is defined in Section 5.10(iii).

"GENERAL PARTNER(S)" means the Managing General Partner and any Co-General Partner for so long as such Partner shall be a General Partner under this Agreement.

"GROSS ASSET VALUE" shall mean, with respect to any asset, the adjusted basis of the asset for federal income tax purposes, adjusted as provided in Section 3.10.

"HIGHRIDGE PARTNERS" shall mean the Managing General Partner, the Highridge Limited Partner, and any other Person to whom either of them have transferred all or a portion of their interest in the Partnership pursuant to this Agreement.

"INCLUDING" or "INCLUDING" shall mean "including, without limitation."

"INCOME TAX REGULATIONS" or "REGULATIONS" shall mean the final or temporary regulations promulgated from time to time under the Code or, if no final or temporary regulations with respect to a tax issue then are in effect, proposed regulations then in effect if reasonably Approved by the Partners, and administrative and judicial interpretations thereof.

"INDEPENDENT TAX COUNSEL" shall mean a nationally recognized tax counsel reasonably Approved by the Partners that is capable of advising the Partnership with respect to specified tax matters.

"INITIAL DEVELOPMENT PLAN" is defined in Section 5.1.3.4.

"INVESTED CAPITAL" with respect to each Partner shall mean the aggregate of all Capital Contributions made from time to time to the Partnership by such

Partner, reduced by the aggregate of all distributions previously made (or deemed made) to such Partner pursuant to Section 4.1(c) in repayment of the Invested Capital of such Partner.

"INVESTMENT ENTITY" is defined in Section 1.5.1.

"INVESTMENT ENTITY AGREEMENT" shall mean, individually or collectively, the operating agreement or limited partnership agreement pursuant to which each Investment Entity is formed and operated, as in effect from time to time, with such changes therein as may be Approved by the Partners.

"INVESTMENT ENTITY TAX LOAN" is defined in Section 3.11.

"INVESTMENTS" is defined in Section 1.5.2.

"INVOKING PARTNER" is defined in Section 5.10(iii).

"LAVA RIDGE LAND" shall mean that certain parcel of real property that is described on Exhibit D (including improvements thereon) that is to be acquired by purchase by an Investment Entity formed by the Partnership from a seller who is not an Affiliate of any Partner.

"LIABILITIES" is defined in Section 5.5.3.

"LIQUIDATOR" is defined in Section 8.3.

"MACK-CALI LIMITED PARTNER" is defined in the Heading to this Agreement.

"MACK-CALI PARTNERS" shall mean the Mack-Cali Limited Partner, any Co-General Partner, and any other Person to whom any of them have transferred all or a portion of their interest in the Partnership pursuant to this Agreement.

"MACK-CALI REALTY" means Mack-Cali Realty Corporation.

"MACK-CALI SALE RIGHT" is defined in Section 5.10(iv).

"MAJOR DECISIONS" is defined in Section 5.1.5.

"MAJOR DEFAULT NOTICE" is defined in Section 5.9.

"MAJOR DEFAULT" means, with respect to a Partner, that such Partner or any of such Partner's Affiliates has engaged in actual fraud with respect to the Partnership, an investment Entity, any Investment or any Property or has intentionally misappropriated Partnership or Investment Entity Funds.

"MANAGING GENERAL PARTNER" is defined in the Heading to this Agreement.

"MANAGING GENERAL PARTNER GUARANTIES" is defined in Section 3.5.4.

"MANAGING GENERAL PARTNER SALE RIGHT" is defined in Section 5.10(iv).

"MANAGEMENT AGREEMENT" is defined in Section 5.2(b).

"MATERIAL" (and any variation thereof) is defined in Section 5.1.1.10.

"MAXIMUM TAX RATE" shall mean the highest combined effective maximum tax rate in effect from time to time with respect to any Partner (based on the assumption that individual rates apply to such Partner) for federal, state and local income tax purposes, computed by taking into account the tax savings resulting from the deductibility of state and local income taxes to the extent permitted for federal purposes and taking into account the tax on self-employment income (also based on the assumption that each Member is an individual taxpayer). The Maximum Tax Rate shall be computed by the Partnership's accountants at the Borrowing Partners' expense whenever the Maximum Tax Rate needs to be determined under Section 3.11.

"NET AVAILABLE CASH," with respect to any period, shall mean (i) the sum of all cash receipts of the Partnership during such period from all sources (including Capital Contributions, cash on hand at the beginning of such period to the extent not held in reserves, distributions from the Investment Entities and any funds released during such period from cash reserves previously established), minus (ii) the sum of (a) Capital Receipts, (b) Net Mortgage Proceeds, (c) Operating Costs, and (d) any Investment Entity Tax Loans, for such period.

"NET MORTGAGE PROCEEDS" shall mean (i) the sum of (a) the proceeds of any loan made to the Partnership and the proceeds from refinancing any such loan, plus (b) any amount released from cash escrow accounts established under any loan to the Partnership, plus (c) the proceeds received by the Partnership from any Investment Entity on account of any loan made to such Investment Entity and the proceeds from refinancing any such loan received from any Investment Entity,

other than Investment Entity Tax Loans, reduced by (ii) the sum of (a) any

amounts required to fund the Partnership's expenditures that are reasonably Approved by the Partners or that are otherwise permitted to be withheld from such amounts for such purpose under this Agreement, (b) any and all expenses incurred by the Partnership in connection with such loan or refinancing that are reasonably Approved by the Partners, (c) amounts used as permitted under this Agreement to repay other indebtedness of the Partnership, plus (d) amounts thereof retained as reserves under this Agreement for Shortfall Disbursements by the Partnership (such reserves to be reasonably Approved by the Partners).

"95% STABILIZATION" shall mean, with respect to a Property, the date on which completion of such Property has occurred and binding leases for at least 95% of the leaseable space in such Property have been entered into for which either (i) rent payments have commenced or (ii) all required building permits with respect to such lease have been obtained, the tenant improvements required to be made under such lease that are a condition precedent to the commencement of rent payments under such lease ("Required Tenant Improvements"), to the knowledge of the Highridge Partners (defined as the actual and specific knowledge of John S. Long, Eugene S. Rosenfeld, Steven A. Berlinger or Jack Mahoney), can be completed within six months, and rent payments will commence within six months if all Required Tenant Improvements were made before the expiration of such six-month period.

"NON-DEFAULTING MEMBER" is defined in Section 2.2.2.

"NON-DISCRETIONARY ITEMS" shall mean expenditures payable by the Partnership or any Investment Entity for increases over the amount set forth in the Partnership's most recent Approved Budget for the following items, but only to the extent not reasonably anticipated at the time such Approved Budget was submitted to the Partners for Approval under Section 5.1.3.1: taxes (including real estate taxes, but excluding any Partner's tax liability), utilities, bonding costs, insurance (including earthquake insurance, and insurance described under Section 5.1.1 to the extent provided therein), debt service and expenses or other amounts required to be paid by the Partnership or any Investment Entity under contracts or agreements of the Partnership or any Investment Entity that have been Approved by the Partners(or are permitted to be entered into without such Approval).

"NONRECOURSE DEDUCTIONS" is defined in Section 3.5.6.

"NONRECOURSE LIABILITY" is defined in Section 3.5.6.

"NON-VOTING PARTNER" is defined in Section 5.1.6.1.

"OPERATING COSTS" for a period shall mean the sum of (i) all cash expenditures of the Partnership (which expenditures shall be subject to the Approved Budget limitations of Section 5.1.3) made during such period for current costs and expenses (except to the extent constituting a reduction in computing Net Mortgage Proceeds or Capital Receipts for such period), including acquisition costs of the Investments (including the Partnership Interests), due diligence expenditures, payments of interest and principal or other monetary obligations due under any loan made to the Partnership; accounting, legal and auditing fees; taxes payable by the Partnership; public or private utility charges; sales, use, payroll taxes and withholding

taxes related thereto; and all other advertising, management, leasing, government approval, and other operating, construction and development costs, expenses and capital expenditures (including fees of land use consultants, engineers, architects, municipal development fees, bond costs and the like) actually paid with respect to the Investments or the Partnership's business generally (subject to the Approved Budget limitations of Section 5.1.3) or reimbursed or paid to Partners (including Overhead Payments), plus (ii) such reserves established from time to time during such period upon the reasonable Approval of the Partners (except to the extent constituting a reduction in computing Net Mortgage Proceeds or Capital Receipts for such period), plus (iii) any amounts contributed by the Partnership to any Investment Entity pursuant to the applicable Investment Entity Agreement during such period (whether pursuant to Section 2.5 or otherwise).

"ORIGINAL AGREEMENT" is defined in the Recitals to this Agreement.

"OTHER PARTNER" is defined in Section 5.10(iii).

"OVERHEAD PAYMENTS" is defined in Section 5.1.3.1.

"PARTNER ASSIGNEE" is defined in Section 7.4.

"PARTNER GROUP" means either (a) the Highridge Partners or (b) the

Mack-Cali Partners (there are two Partner Groups).

"PARTNER NONRECOURSE DEBT" is defined in Section 3.5.6 hereof.

"PARTNER NONRECOURSE DEBT MINIMUM GAIN" is defined in Section 3.5.6 hereof.

"PARTNERS" shall mean the Managing General Partner, the Highridge Limited Partner, the Mack-Cali Limited Partner and any Co-General Partner admitted as such pursuant to this Agreement (each a "Partner"), in their respective capacities as Partners, and any of their successors in their respective capacities as Partners admitted to the Partnership as Partners hereunder, and any other Person admitted as a Partner under this Agreement, for so long as any such Person is a Partner under the terms of this Agreement.

"PARTNER NONRECOURSE DEDUCTIONS" is defined in Section 3.5.6 hereof.

"PARTNERSHIP" shall mean HPMC Lava Ridge Partners, L.P., a Delaware limited Partnership formed under the Act and operated pursuant to this Agreement.

"PARTNERSHIP ACCOUNTING YEAR" shall mean and refer to the accounting year of the Partnership ending on December 31 of each calendar year or such shorter fiscal period during such year for which a relevant determination is being made under this Agreement.

"PARTNERSHIP INTEREST" shall mean the interest in any Investment Entity acquired by the Partnership, as in effect from time to time under the applicable Investment Entity Agreement.

"PARTNERSHIP MINIMUM GAIN" is defined in Section 3.5.6 hereof.

"PERFORMANCE DEFAULT" with respect to the Managing General Partner and its Affiliates shall be deemed to have occurred (subject to Section 5.9) with respect to a Property or Investment if (a) the Managing General Partner shall have failed to cause compliance with any Approved Development Plan with respect to such Property or Investment in any Material respect for any reason other than Force Majeure, or (b) if a Highridge Partner or an Affiliate of any Highridge Partner has breached the provisions of any agreement entered into between such Person and the Partnership or any Investment Entity and has failed to cure such breach within the time required by such agreement (but this clause (b) shall apply with respect to a Property or Investment only if such breach was not willful and therefore does not constitute a Removal Default for which separate remedies are provided elsewhere in this Agreement).

"PERSON" shall mean any individual or Entity.

"PREFERRED RETURN" shall mean an amount equal to ten percent (10%) per annum, on a calendar year basis, for the actual number of days for which the Preferred Return is being determined, cumulative and compounded quarterly, multiplied by the Invested Capital of each of the Partners outstanding from time to time, computed by using July 21, 1998 as the date which the Section 2.1.1 Contributions of the Partners shown on Exhibit B were made by the Partners, the actual dates on which a Partner's Capital Contributions (other than such Section 2.1.1 Contributions) are made to the Partnership from time to time (if any), and using the actual dates on which distributions are made (or deemed made) to such Partner pursuant to Section 4.1(c).

"PRIME RATE" shall mean the so-called "Reference Rate" announced by Bank of America N.T.&S.A. at Los Angeles, California, from time to time.

"PROFIT" OR "LOSS" shall mean, for each Partnership Accounting Year, an amount equal to the Partnership's net taxable income or loss (as computed for book purposes) for such Accounting Year (determined without regard to any items of income, gain or deduction, as computed for book purposes, taken into account in computing the Partnership's Gain or Loss on Disposition for such Accounting Year), determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction, as computed for book purposes, required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing such taxable income or loss), including the Partnership's allocated share thereof from any Investment Entity, with the following adjustments:

Any income of the Partnership that is exempt from federal income tax and is not otherwise taken into account in computing Profit or Loss shall be added to such taxable income or loss (as computed for book purposes);

In the event the agreed fair market value of any Partnership asset is adjusted pursuant to Regulations Section 1.704-1(b)(2)(iv)(f) or other pertinent sections of such Regulations, the amount of such adjustment shall be taken into account as Gain or Loss on Disposition of such asset for purposes of computing Profit or Loss; and in lieu of the depreciation, amortization

and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account depreciation, amortization or other cost recovery computed with reference to Gross Asset Value of Partnership property reasonably Approved by the Partners (subject to Section 5.10(iii)) (if different from its adjusted tax basis) pursuant to Regulations Section 1.704-l(b)(2)(iv)(g) for such Partnership Accounting Year; and

Notwithstanding any other provisions, any items which are specially allocated pursuant to Sections 3.3, 3.4, 3.5, 3.6 and 3.9 shall not be taken into account in computing Profit or Loss.

"PROPERTIES" is defined in Section 1.5.1.

"PROPERTY DEADLOCK" is defined in Section 5.11(a).

"PROPONENT GROUP" is defined in Section 5.11(a).

"PROPONENT GROUP FIRST OFFER PRICE" is defined in Section 5.11(a).

"PROPONENT GROUP INTEREST PURCHASE PRICE" is defined in Section 5.11(a).

"PURCHASE NOTICE" is defined in Section 7.9.1.

"RECONTRIBUTING MEMBER" is defined in Section 3.5.4.

"REGULATIONS" is defined in the definition of "Income Tax Regulations."

"REIT" is defined in Section 5.1.1.2.

"REIT SHARE VALUE" is defined in Section 8.3.8.

"REQUIRED ADDITIONAL CONTRIBUTIONS" is defined in Section 2.1.2.

"REMOVAL DEFAULT" means, with respect to the Managing General Partner, that such Partner or any of such Partner's Affiliates has committed gross negligence with respect to the Partnership, an Investment Entity, an Investment or a Property, or has willfully breached the provisions of this Agreement, any Investment Entity Agreement or any other agreement entered into between such Person and the Partnership or any Investment Entity, in each case if the same is not cured within the time required by Section 9.2 of this Agreement, such Investment Entity Agreement, or such other agreement (as applicable).

"RESIDUAL PERCENTAGE" of a Partner as of any relevant time shall mean the Residual Percentage set forth on Exhibit B for such Partner.

"RESPONDENT GROUP" is defined in Section 5.11(a).

"RESPONDENT GROUP INTEREST PURCHASE PRICE" is defined in Section 5.11(a).

"REVALUED PROPERTY" is defined in Section 3.5.3.2.

"SECTION 2.2.1 CONTRIBUTION" is defined in Section 2.2.1.

"SHORTFALL" is defined in Section 2.1.2.

"SUBSEQUENT DEVELOPMENT PLAN" is defined in Section 5.1.3.4.

"TAX MATTERS PARTNER" is defined in Section 5.4 (which references the Code).

"TAX PAYMENT LOAN" is defined in Section 3.11.

"TAX TERMINATION" is defined in Section 7.5.1.3.

"TERMINATED PARTNER" shall mean (i) any Partner that has failed to make a Capital Contribution when required and who has become a Defaulting Partner by reason thereof under Section 2.2.2, (ii) any Partner that becomes Bankrupt, (iii) any Partner which has been dissolved (and has not been reconstituted within sixty (60) days thereafter) or, if an individual, who has died, (iv) any Partner which has committed a Major Default or (v) any Partner who has breached the restrictions on Transfer of its interest in the Partnership contained in Article 7. If any Partner in a Partner Group is a Terminated Partner, all Partners in such Partner Group shall also be deemed to be Terminated Partners, and shall be subject to all of the remedies applicable against a Terminated Partner under this Agreement, including the loss of its Approval rights and the obligation to sell its interest in the Partnership as provided in Section 7.9.

"TERMINATION DATE" shall mean the date upon which a Partner became a

Terminated Partner.

"THIRD PARTY MEZZANINE FINANCING" with respect to a Property means that portion of the Partnership's or Investment Entity's financing with respect to such Property which, when added to the Partnership's conventional financing with respect to such Property, will cause such Property to be 85% financed with debt.

"TRANSFER" shall mean (i) the issuance, transfer, sale, gift, grant, conveyance, assignment, encumbrance, pledge, hypothecation or redemption, directly or indirectly, of any equity ownership interest (whether stock, general partnership interest, partnership interest, membership interest or otherwise) in the Partnership or in any Person holding a direct (or indirect through tiered Entities) interest in the Partnership, or the merger or consolidation of any such Person into or with another Person, as the case may be; and (ii) the execution and delivery by any Person holding a direct (or indirect through tiered Entities) interest in the Partnership of a contract of sale, option or other agreement providing for any of the foregoing.

"UNDISTRIBUTED PREFERRED RETURN" with respect to a Partner means an amount equal to the Preferred Return of each Partner accrued to the date the Undistributed Preferred Return is

being determined, less all distributions made (or deemed made) to such Partner pursuant to Sections 4.1(a) and (b).

"UNREIMBURSED PAYMENTS" is defined in Section 3.5.4.

EXHIBIT B

FUNDING PROPORTIONS, SECTION 2.1.1 CONTRIBUTIONS AND RESIDUAL PERCENTAGES

Partner	Section 2.1.1 Contributions (Cash)	Funding Proportion	Residual Percentage
Highridge GP	$ 30,345	1%	1%
Highridge Limited Partner	$ 578,265	19%	49%
Mack-Cali Limited Partner	$ 2,434,800	80%	50%
Total	$ 3,043,500	100%	100%

Note: The Section 2.1.1 Contributions shown on this Exhibit B are deemed contributed to the Partnership as of July 21, 1998. All additional Capital Contributions shall be made only as provided in the Partnership Agreement.

EXHIBIT C

INITIAL DEVELOPMENT PLAN
(INCLUDING APPROVED BUDGET AND APPROVED OVERHEAD BUDGET)
FOR THE LAVA RIDGE LAND

[See Attached.]

EXHIBIT D

LEGAL DESCRIPTION OF THE LAVA RIDGE LAND

[BEGINS NEXT PAGE]

EXHIBIT E

OWNERSHIP OF PARTNERS

Partner	Members or Partners	% Capital Interest	% Profits Interest
		Aggregate	Aggregate
Highridge GP	_____*	100%	100%
	_____	_____%	_____%
	_____	_____%	_____%
	_____	_____%	_____%
Highridge Limited Partner		Aggregate	Aggregate
	_____*	100%	100%
	_____	_____%	_____%
	_____	_____%	_____%
	_____	_____%	_____%
Mack-Cali Limited Partner	General Partner: Mack-Cali Sub XXI, Inc., a Delaware corporation and Limited Partner: Mack-Cali Realty, L.P., a Delaware limited partnership (both Controlled by Mack-Cali Realty Corporation)	Aggregate 100%	Aggregate 100%

- - SEE CHART ATTACHED AS EXHIBIT E-2 (BEGINS NEXT PAGE).

EXHIBIT F

[INTENTIONALLY OMITTED]

F-1

EXHIBIT G

[INTENTIONALLY OMITTED]

G-1

EXHIBIT H

[INTENTIONALLY OMITTED]

H-1

EXHIBIT I

[INTENTIONALLY OMITTED]

EXHIBIT J

PROCEDURES FOR SUPERVISING
EMPLOYEE AND AFFILIATE COMPLIANCE

THE HIGHRIDGE PARTNERS SHALL BE RESPONSIBLE FOR THE FOLLOWING IN CONNECTION WITH THE WORK TO BE PERFORMED FOR THE PARTNERSHIP AND THE INVESTMENT ENTITIES BY AFFILIATES OF THE HIGHRIDGE PARTNERS AND THEIR EMPLOYEES:

1. JOHN S. LONG ("LONG"), EUGENE S. ROSENFELD ("ESR") AND/OR STEVEN A. BERLINGER ("SAB"), OR AN OFFICER OF HIGHRIDGE PARTNERS APPOINTED BY THEM SHALL, ON A MONTHLY BASIS, REVIEW THE BUDGETS, CASH FLOW SUMMARIES, LEASING SUMMARIES (OR STATUS REPORTS) AND CONSTRUCTION OR DEVELOPMENT STATUS REPORTS AND GENERALLY CONDUCT MONTHLY (OR MORE FREQUENTLY AS REQUIRED) MEETINGS WITH ALL HIGHRIDGE PARTNERS' AND THEIR AFFILIATES' SUPERVISORY EMPLOYEES (JACK MAHONEY AND KEN WHITE UNLESS AND UNTIL CHANGED BY THE HIGHRIDGE PARTNERS UPON NOTICE TO THE MACK-CALI LIMITED PARTNER) WORKING ON THE PROPERTIES TO ASCERTAIN THE STATUS OF THE PROPERTIES AND LONG, ESR AND/OR SAB SHALL PROVIDE DIRECTION AND GUIDANCE TO SUCH EMPLOYEES AS REQUIRED FROM TIME TO TIME IN CONNECTION WITH THE PROPERTIES AND INVESTMENTS.

2. LONG, ESR AND/OR SAB SHALL CAUSE TO BE FURNISHED TO EACH SUCH SUPERVISORY EMPLOYEE AND AFFILIATE A COPY OF EACH APPROVED DEVELOPMENT PLAN AND APPROVED BUDGET AND A LIST OF THE ACTIONS THAT REQUIRE THE CONSENT OF THE MACK-CALI PARTNERS UNDER THIS AGREEMENT (INCLUDING ANY APPROVED LEASING PARAMETERS) AND PERIODICALLY PROVIDE EACH SUCH SUPERVISORY EMPLOYEE AND AFFILIATE WITH A LIST OF THE CHANGES IN THE APPROVED DEVELOPMENT PLAN AND/OR APPROVED BUDGETS THAT HAVE BEEN APPROVED BY THE PARTNERS FROM TIME TO TIME, AND, UPON ANY OF LONG, ESR AND/OR SAB HAVING ACTUAL KNOWLEDGE OF ANY ACT OF ANY EMPLOYEE OF THE HIGHRIDGE PARTNERS OR THEIR AFFILIATES, OR ANY ACT OF AN AFFILIATE OF THE HIGHRIDGE PARTNERS THAT WOULD BE A BREACH OF THIS AGREEMENT (INCLUDING A MAJOR DEFAULT) IF THE ACTION WERE TAKEN BY A HIGHRIDGE PARTNER, OR ACTUAL KNOWLEDGE OF ANY MATERIAL DEVIATION FROM ANY APPROVED DEVELOPMENT PLAN, APPROVED BUDGET OR CONTRACT PREVIOUSLY APPROVED BY THE PARTNERS OR BY THE MACK-CALI LIMITED PARTNER, THE HIGHRIDGE PARTNERS SHALL GIVE PROMPT NOTICE THEREOF TO THE MACK-CALI LIMITED PARTNER.

3. IF LONG, ESR OR SAB SUSPECTS THAT AN EMPLOYEE OF THE HIGHRIDGE PARTNERS OR THEIR AFFILIATES, OR THAT AN AFFILIATE OF HIGHRIDGE PARTNERS, HAS COMMITTED FRAUD OR MISAPPROPRIATION OF FUNDS, THE HIGHRIDGE PARTNERS SHALL NOTIFY THE MARK-CALI LIMITED PARTNER PROMPTLY, AND THE HIGHRIDGE GP AND THE PARTNERS SHALL REASONABLY APPROVE THE COURSE OF ACTION TO BE TAKEN IN RESPONSE THERETO.

4. COPIES OF WRITTEN SUMMARIES OR STATUS OR PERFORMANCE REPORTS, ANY OTHER INFORMATION REASONABLY REQUESTED BY THE MACK-CALI LIMITED PARTNER, AND NOTICE OF ANY MATERIAL DEVIATION FROM AN APPROVED DEVELOPMENT PLAN, APPROVED BUDGET OR CONTRACT APPROVED BY THE PARTNERS OR BY THE MACK-CALI LIMITED PARTNER THAT IS RECEIVED FROM EMPLOYEES OF THE HIGHRIDGE PARTNERS OR THEIR AFFILIATES SHALL BE FURNISHED BY THE HIGHRIDGE PARTNERS TO THE MACK-CALI LIMITED PARTNER PROMPTLY AFTER BEING SUBMITTED TO ANY OF LONG, ESR AND/OR SAB.

EXHIBIT K

[INTENTIONALLY OMITTED]

EXHIBIT L

OPERATING APPROVAL STANDARDS

[BEGINS NEXT PAGE]

[ATTACH SAME STANDARDS AS IN EL SEGUNDO]

EXHIBIT M

HIGHRIDGE REIMBURSEMENT SCHEDULE FOR
THE LAVA RIDGE LAND

[BEGINS NEXT PAGE]

EXHIBIT N

FORM OF DISBURSEMENT REQUEST

[TO BE ATTACHED; SAME FORM AS USED FOR EL SEGUNDO/SUMMIT RIDGE]

TABLE OF CONTENTS

Exhibit 10.5

AMENDMENT NO. 1 TO REVOLVING CREDIT AGREEMENT

This AMENDMENT NO. 1 TO REVOLVING CREDIT AGREEMENT (this "AMENDMENT NO. 1") is made as of July __, 1998 by and among (a) Mack-Cali Realty, L.P. (the "BORROWER"), (b) The Chase Manhattan Bank; Fleet National Bank; Bankers Trust; The Bank of New York; Bayerische Landesbank Girozentrale; Citizens Bank of Rhode Island; Commerzbank Aktiengesellschaft, New York Branch; Creditanstalt Corporate Finance, Inc.; Crestar Bank; DG Bank Deutsche Genossenschaftsbank, New York Branch; Dresdner Bank AG, New York Branch and Grand Cayman Branch; European American Bank; Erste Bank; The First National Bank of Chicago; First Union National Bank; Bayerische Hypotheken- und Wechsel- Bank Aktiengesellschaft, New York Branch; Key Bank; KBC Bank N.V. (f/k/a Kredietbank, N.V.); LaSalle National Bank; Mellon Bank, N.A.; Nationsbank; PNC Bank, National Association; Societe Generale; Summit Bank; The Tokai Bank, Limited - New York Branch; US Trust (collectively, the "LENDERS"), (c) The Chase Manhattan Bank, as Administrative Agent (in such capacity, the "ADMINISTRATIVE AGENT") for the Lenders; and (d) Bank Leumi USA and Bank One, Arizona, NA (together, the "NEW LENDERS").

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to a Revolving Credit Agreement dated as of April 16, 1998 (the "CREDIT AGREEMENT"), pursuant to which the Lenders have agreed to make loans to the Borrower on the terms and conditions set forth therein;

WHEREAS, the Borrower has requested, and the Lenders and the Administrative Agent have agreed to increase the credit limit of the Credit Agreement and add the New Lenders as "Lenders" under the Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and fully intending to be legally bound by this Amendment No. 1, the parties hereto agree as follows:

1. DEFINITIONS. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

2. AMENDMENTS TO CREDIT AGREEMENT. As of the Effective Date (as defined in Section 4 hereof) the Credit Agreement is hereby amended as follows:

2.1. TOTAL COMMITMENT. In line 2 of the definition of TOTAL COMMITMENT in Section 1.1 of the Credit Agreement, the amount "$870,000,000" is hereby deleted and the amount "$900,000,000" is substituted in place thereof.

2.2. INCREASE IN TOTAL COMMITMENT. In line 5 of Section 2.2 of the Credit Agreement, the amount "$130,000,000" is hereby deleted and the amount "$100,000,000" is substituted in place thereof.

2.3. COMMITMENT PERCENTAGES. SCHEDULE 1.2 to the Credit Agreement is hereby deleted in its entirety and SCHEDULE 1.2 to this Amendment No. 1 is substituted in place thereof.

2.4. NEW LENDERS. All references in the Credit Agreement to "Lenders" shall be deemed to include the New Lenders. Each of the New Lenders appoints and authorizes the Administrative Agent to take such action on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto. Each of the New Lenders agrees that it will perform in accordance with their terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

2.5. CONSENT TO PARTICIPATION. The Borrower, the Administrative Agent and each of the Lenders hereby consents to Bank Leumi USA's grant of a participation interest to one of its Affiliates in an amount less than $15,000,000.

3. PROVISIONS OF GENERAL APPLICATION.

3.1. NO OTHER CHANGES. Except as otherwise expressly provided or contemplated by this Amendment No. 1, all of the terms, conditions and provisions of the Credit Agreement remain unaltered and in full force and effect. The Credit Agreement and this Amendment No. 1 shall be read and construed as one agreement. The making of the amendments in this Amendment No. 1 does not imply any obligation or agreement by the Administrative Agent or any Lender to make any other amendment, waiver, modification or consent as to any matter on any subsequent occasion.

3.2. GOVERNING LAW. This Amendment No. 1 is intended to take effect as a sealed instrument and shall be deemed to be a contract under the laws of the State of New York. This Amendment

No. 1 and the rights and obligations of each of the parties hereto are contracts under the laws of the State of New York and shall for all purposes be construed in accordance with and governed by the laws of such State (excluding the laws applicable to conflicts or choice of law).

3.3. ASSIGNMENT. This Amendment No. 1 shall be binding upon and inure to the benefit of each of the parties hereto and their respective permitted successors and assigns.

3.4. COUNTERPARTS. This Amendment No. 1 may be executed in any number of counterparts, but all such counterparts shall together constitute but one and the same agreement. In making proof of this Amendment No. 1, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto.

4. EFFECTIVENESS OF THIS AMENDMENT NO. 1. This Amendment No. 1 shall become effective on the date on which the following conditions precedent are satisfied (such date being hereinafter referred to as the "EFFECTIVE DATE"):

(a) Execution and delivery to the Administrative Agent by each Lender (including the New Lenders), the Borrower, the Guarantors and the Agents of this Amendment No. 1.

(b) Execution and delivery to the Administrative Agent of a certificate of the Borrower confirming that there have been no changes to its charter documents since April 16, 1998.

(c) Delivery to the Administrative Agent of resolutions of the board of directors of the general partner of the Borrower authorizing this Amendment No. 1, including the increased loan amount requested.

(d) Execution and delivery to the Administrative Agent by the Borrower of Revolving Credit Notes in favor of Bank Leumi USA in the amount of $10,000,000 and Bank One, Arizona, NA in the amount of $20,000,000.

(e) Delivery to the Administrative Agent by Pryor, Cashman, Sherman & Flynn, as counsel to the Borrower, of an opinion addressed to the Lenders, the New Lenders and the Administrative

Agent in form and substance reasonably satisfactory to the Lenders, the New Lenders and the Administrative Agent.

(f) Payment by the Borrower of any LIBOR Breakage Costs, and indemnification of the Administrative Agent and the Lenders as provided in Section 4.8 of the Credit Agreement for any LIBOR Breakage Costs, arising out of the addition of the New Lenders as "Lenders" under the Credit Agreement.

(g) Payment by the Borrower of all fees payable pursuant to the last sentence of the first paragraph of Section 2.2 of the Credit Agreement which fees are set forth in a letter agreement of even date herewith.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Amendment No. 1 as of the date first set forth above.

MACK-CALI REALTY, L.P.

By: Mack-Cali Realty Corporation, its general partner

By:

Name: Barry Lefkowitz
Title: Vice President

THE CHASE MANHATTAN BANK, individually and as

Administrative Agent

By:

Name: Marc E. Costantino
Title: Vice President

FLEET NATIONAL BANK, individually and as
Syndication Agent

By:

Name: Mark E. Dalton
Title: Senior Vice President

BANKERS TRUST

By:

Name:
Title:

THE BANK OF NEW YORK

By:

Name:
Title:

BAYERISCHE LANDESBANK GIROZENTRALE

By:

Name:
Title:

By:

Name:
Title:

CITIZENS BANK OF RHODE ISLAND

By:

Name:
Title:

COMMERZBANK AKTIENGESELLSCHAFT, NEW YORK BRANCH

By:

Name:
Title:

By:

Name:
Title:

CREDITANSTALT CORPORATE FINANCE, INC.

By:

Name:
Title:

By:

Name:
Title:

CRESTAR BANK

By:

Name:
Title:

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK,
NEW YORK BRANCH

By:

Name:
Title:

DRESDNER BANK AG, NEW YORK BRANCH
AND GRAND CAYMAN BRANCH

By:

Name:
Title:

By:

Name:
Title:

EUROPEAN AMERICAN BANK

By:

Name:
Title:

ERSTE BANK

By:

Name:
Title:

THE FIRST NATIONAL BANK OF CHICAGO

By:

Name:
Title:

FIRST UNION NATIONAL BANK

By:

Name:
Title:

BAYERISCHE HYPOTHEKEN- UND WECHSEL- BANK
AKTIENGESELLSCHAFT, NEW YORK BRANCH

By:

Name:
Title:

By:

Name:
Title:

KEY BANK

By:

Name:
Title:

KREDIETBANK, N.V.

By:

Name:
Title:

MELLON BANK, N.A.

By:

Name:
Title:

NATIONSBANK

By:

Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By:

Name:
Title:

SOCIETE GENERALE

By:

Name:
Title:

SUMMIT BANK

By:

Name:
Title:

THE TOKAI BANK, LIMITED
NEW YORK BRANCH

By:

Name:
Title:

US TRUST

By:

Name:
Title:

LASALLE NATIONAL BANK

By:

Name:
Title:

BANK LEUMI USA

By:

Name:
Title:

BANK ONE, ARIZONA, NA

By:

Name:
Title:

Each of the undersigned Guarantors hereby acknowledges the foregoing Amendment No. 1 and reaffirms its guaranty of the Obligations (as defined in the Guaranty executed and delivered by such Guarantor) under the Credit Agreement and the other Loan Documents, each as amended hereby or in connection herewith, in accordance with the Guaranty executed and delivered by such Guarantor.

MACK-CALI REALTY CORPORATION

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

11 COMMERCE DRIVE ASSOCIATES

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings VI, L.P., its general partner

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

SIX COMMERCE DRIVE ASSOCIATES

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings III, L.P., its general partner

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

20 COMMERCE DRIVE ASSOCIATES

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

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By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CENTURY PLAZA ASSOCIATES

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

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By: Mack-Cali Sub IV, Inc., its general partner

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

C.W. ASSOCIATES

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings VII, L.P., its general partner

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

D.B.C. ASSOCIATES

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings VIII, L.P., its general partner

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CALI BUILDING V ASSOCIATES

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings I, L.P., its general partner

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

500 COLUMBIA TURNPIKE ASSOCIATES

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings V, L.P., its general partner

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CHESTNUT RIDGE ASSOCIATES

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings X, L.P., its general partner

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

ROSELAND II LIMITED PARTNERSHIP

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

OFFICE ASSOCIATES, LTD.

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

GROVE STREET ASSOCIATES OF JERSEY CITY
LIMITED PARTNERSHIP

By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

TENBY CHASE APARTMENTS

By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings IV, L.P., its general partner

By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

600 PARSIPPANY ASSOCIATES, L.P.

By: Mack-Cali Sub V, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

400 RELLA REALTY ASSOCIATES, L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

VAUGHN PRINCETON ASSOCIATES L.P.

By: Mack-Cali Sub V, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MONMOUTH/ATLANTIC REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

JUMPING BROOK REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

HORIZON CENTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

COMMERCENTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

400 PRINCETON ASSOCIATES L.P.

By: Mack-Cali Sub V, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CAL-TREE REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MOUNT AIRY REALTY ASSOCIATES L.P.

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

FIVE SENTRY REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

300 TICE REALTY ASSOCIATES L.P.

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

BRIDGE PLAZA REALTY ASSOCIATES L.P.

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CALI AIRPORT REALTY ASSOCIATES, L.P.

By: Mack-Cali Sub VIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CROSS WESTCHESTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MID-WESTCHESTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

SO. WESTCHESTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

WHITE PLAINS REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XIV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MARTINE AVENUE REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CALI STAMFORD REALTY ASSOCIATES L.P. D/B/A RM STAMFORD REALTY ASSOCIATES

By: Mack-Cali Sub XII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CALI PENNSYLVANIA REALTY ASSOCIATES, L.P.

By: Mack-Cali Sub XV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

SHELTON REALTY ASSOCIATES LIMITED PARTNERSHIP

By: Mack-Cali Sub XII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MOORESTOWN REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XVI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI PROPERTIES CO. #3

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI METROPOLITAN, LTD L.P.

By: Mack-Cali Sub XX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK PROPERTIES CO.

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI NORTH HILLS L.P.

By: Mack-Cali Sub XIV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

120 PASSAIC STREET LLC

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI TEXAS PROPERTY, L.P.

By: Mack-Cali Sub XVII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

BRANDEIS BUILDING INVESTORS, L.P.

By: Mack-Cali Sub XIX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI CENTURY III INVESTORS, L.P.

By: Mack-Cali Sub XVIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

PHELAN REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XXI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

PRINCETON CORPORATE CENTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XVI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI PROPERTY TRUST

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

SCHEDULE 1.2

LENDER	COMMITMENT AMOUNT	COMMITMENT PERCENTAGE
The Chase Manhattan Bank 270 Park Avenue New York, NY 10017	$60,000,000	6.66667%
Fleet National Bank 111 Westminster Street Providence, RI 02903	$60,000,000	6.66667%
PNC Bank, National Association Two Tower Center Blvd. East Brunswick, NJ 08816	$60,000,000	6.66667%
Bankers Trust Company One Bankers Trust Plaza New York, NY 10006	$50,000,000	5.55556%
Commerzbank AG, New York Branch 2 World Financial Center New York, NY 10281-1050	$50,000,000	5.55556%
The First National Bank of Chicago One First National Plaza Suite 0151, 1-14 Chicago, IL 60670	$50,000,000	5.55556%
First Union National Bank One First Union Center Charlotte, NC 28288-0166	$50,000,000	5.55556%
Nationsbank 8300 Greensboro Drive McLean, VA 22102	$50,000,000	5.55556%
Creditanstalt Corporate Finance, Inc. 2 Ravinia Drive Atlanta, GA 30346	$35,000,000	3.88889%
Dresdner Bank AG, New York Branch and Grand Cayman Branch 75 Wall Street New York, NY 10005	$35,000,000	3.88889%

Bayerische Hypothexen- Und Wechsel- Bank Aktiengesellschaft New York Branch 32 Old Slip, Financial Square New York, NY 10005	$35,000,000	3.88889%
Societe Generale 2001 Ross Avenue Dallas, TX 75201	$35,000,000	3.88889%
Summit Bank 750 Walnut Avenue Cranford, NJ 07016	$35,000,000	3.88889%
KBC Bank N.V. (f/k/a Kredietbank, N.V.) 125 West 55th Street New York, NY 10019	$30,000,000	3.33333%
Key Bank127 Public Square Cleveland, OH 44114-1306	$25,000,000	2.77778%
Mellon Bank, N.A. 1735 Market Street Philadelphia, PA 19103	$25,000,000	2.77778%
Bank of New York One Wall Street New York, NY 10015	$20,000,000	2.22222%
Citizens Bank of Rhode Island 1 Citizens Plaza	$20,000,000	2.22222%

Providence, RI 02903-1339		
Crestar Bank 8245 Boone Blvd. Vienna, VA	$20,000,000	2.22222%
DG Bank Deutsche Genossenschaftsbank, New York Branch 609 Fifth Avenue New York, NY 10017-1021	$20,000,000	2.22222%
The Tokai Bank Limited Park Avenue Plaza 55 East 52nd Street New York, NY 10055	$20,000,000	2.22222%
US Trust 40 Court Street Boston, MA 02108	$20,000,000	2.22222%

Bank One, Arizona, NA 241 North Cental Avenue Phoenix, AZ 85004	$20,000,000	2.22222%
European American Bank 335 Madison Avenue New York, NY 10017	$17,500,000	1.94445%
LaSalle National Bank 135 South LaSalle Street Chicago, IL 60603	$17,500,000	1.94445%
Bayerische Landesbank Girozentrale 580 Lexington Avenue New York, NY 10022	$15,000,000	1.66667%
Erste Bank 280 Park Avenue, West Building New York, NY 10017	$15,000,000	1.66667%
Bank Leumi USA 565 Fifth Avenue New York, NY 10036	$10,000,000	1.11111%
TOTAL	$900,000,000	100%

Exhibit 10.6

AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

among

MACK-CALI REALTY, L.P.

and

THE CHASE MANHATTAN BANK,
FLEET NATIONAL BANK and
OTHER LENDERS WHICH MAY BECOME
PARTIES THERETO

with

THE CHASE MANHATTAN BANK,
AS ADMINISTRATIVE AGENT,

FLEET NATIONAL BANK,
AS SYNDICATION AGENT,

PNC BANK, NATIONAL ASSOCIATION,
AS DOCUMENTATION AGENT

NATIONSBANK,
AS DOCUMENTATION AGENT

CHASE SECURITIES INC.
and FLEET NATIONAL BANK,
AS ARRANGERS

BANKERS TRUST,
COMMERZBANK AKTIENGESELLSCHAFT
NEW YORK BRANCH,
FIRST NATIONAL BANK OF CHICAGO, and
FIRST UNION NATIONAL BANK,
AS MANAGING AGENTS

and

CREDITANSTALT CORPORATE FINANCE, INC.,
DRESDNER BANK AG, NEW YORK
BRANCH AND GRAND CAYMAN BRANCH,
EUROPEAN AMERICAN BANK,
HYPOBANK,
SOCIETE GENERALE,
and SUMMIT BANK,
AS CO-AGENTS

Dated as of December 30, 1998

AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT

This AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT (this "AMENDMENT NO. 2") is made as of December 30, 1998 by and among (a) Mack-Cali Realty, L.P. (the "BORROWER"), (b) The Chase Manhattan Bank; Fleet National Bank; Bankers Trust; The Bank of New York; Bayerische Landesbank Girozentrale; Citizens Bank of Rhode Island; Commerzbank Aktiengesellschaft, New York Branch; Creditanstalt Corporate Finance, Inc.; Crestar Bank; DG Bank Deutsche Genossenschaftsbank, New York Branch; Dresdner Bank AG, New York Branch and Grand Cayman Branch; European American Bank; Erste Bank; The First National Bank of Chicago; First Union National Bank; Bayerische Hypotheken- und Wechsel- Bank Aktiengesellschaft, New York Branch; Key Bank; KBC Bank N.V. (f/k/a Kredietbank, N.V.); LaSalle National Bank; Mellon Bank, N.A.; NationsBank; PNC Bank, National Association; Societe Generale; Summit Bank; The Tokai Bank, Limited - New York Branch; USTrust; Bank Leumi USA and Bank One, Arizona, NA (collectively, the "LENDERS"), and (c) The Chase Manhattan Bank, as Administrative Agent (in such capacity, the "ADMINISTRATIVE AGENT") for the Lenders.

WHEREAS, the Borrower, the Lenders (including PNC Bank, National Association and NationsBank as Co-Documentation Agents) and the Administrative Agent are parties to a Revolving Credit Agreement dated as of April 16, 1998, as amended by Amendment No. 1 to Revolving Credit Agreement dated as of July 20, 1998 (the "CREDIT AGREEMENT"), pursuant to which the Lenders have agreed to make loans to the Borrower on the terms and conditions set forth therein;

WHEREAS, the Borrower is exercising its right pursuant to Section 2.2 of the Credit Agreement, to increase the total credit limit of the Credit Agreement, with certain of the Lenders agreeing to increase their individual Commitments;

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and fully intending to be legally bound by this Amendment No. 2, the parties hereto agree as follows:

1. DEFINITIONS. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement.

2. AMENDMENTS TO CREDIT AGREEMENT. As of the Effective Date (as defined in Section 4 hereof) the Credit Agreement is hereby amended as follows:

2.1. TOTAL COMMITMENT. The definition of TOTAL COMMITMENT in Section 1.1 of the Credit Agreement is amended by (a) deleting the amount "$900,000,000" in line 2 thereof and substituting in place thereof the amount "$1,000,000,000" and (b) deleting the phrase ", as such amount may be increased pursuant to Section 2.2 hereof".

2.2. COMMITMENT PERCENTAGES. SCHEDULE 1.2 to the Credit Agreement is hereby deleted in its entirety and SCHEDULE 1.2 to this Amendment No. 2 is substituted in place thereof.

3. PROVISIONS OF GENERAL APPLICATION.

3.1. NO OTHER CHANGES. Except as otherwise expressly provided or contemplated by this Amendment No. 2, all of the terms, conditions and provisions of the Credit Agreement remain unaltered and in full force and effect. The Credit Agreement and this Amendment No. 2 shall be read and construed as one agreement. The making of the amendments in this Amendment No. 2 does not imply any obligation or agreement by the Administrative Agent or any Lender to make any other amendment, waiver, modification or consent as to any matter on any subsequent occasion.

3.2. GOVERNING LAW. This Amendment No. 2 is intended to take effect as a sealed instrument and shall be deemed to be a contract under the laws of the State of New York. This Amendment No. 2 and the rights and obligations of each of the parties hereto are contracts under the laws of the State of New York and shall for all purposes be construed in accordance with and governed by the laws of such State (excluding the laws applicable to conflicts or choice of law).

3.3. ASSIGNMENT. This Amendment No. 2 shall be binding upon and inure to the benefit of each of the parties hereto and their respective permitted successors and assigns.

3.4. COUNTERPARTS. This Amendment No. 2 may be executed in any number of counterparts, but all such counterparts shall together constitute but one and the same agreement. In making proof of this Amendment No. 2, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto.

4. EFFECTIVENESS OF THIS AMENDMENT NO. 2. This Amendment No. 2 shall become effective on the date on which the following conditions precedent are satisfied (such date being hereinafter referred to as the "EFFECTIVE DATE"):

(a) Execution and delivery to the Administrative Agent by each Lender, the Borrower, and the Agents of this Amendment No. 2, and reaffirmation of each Guaranty by each Guarantor.

(b) Execution and delivery to the Administrative Agent of a certificate of the Borrower confirming that there have been no changes to its charter documents since April 16, 1998, except for Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P.

(c) Delivery to the Administrative Agent of resolutions of the board of directors of the general partner of the Borrower authorizing this Amendment No. 2, including the increased loan amount requested.

(d) Execution and delivery to the Administrative Agent by the Borrower of Amended and Restated Revolving Credit Notes in favor of each Lender that is increasing its Commitment hereunder in an amount equal to such Lender's new Commitment hereunder.

(e) Delivery to the Administrative Agent by Pryor, Cashman, Sherman & Flynn, as counsel to the Borrower, of an opinion addressed to the Lenders and the Administrative Agent in form and substance reasonably satisfactory to the Lenders and the Administrative Agent.

(f) Payment by the Borrower of any LIBOR Breakage Costs, and indemnification of the Administrative Agent and the Lenders as provided in Section 4.8 of the Credit Agreement for any LIBOR Breakage Costs, arising out of the increase of the Total Commitment and certain of the Commitments and the adjustment of the Commitment Percentages pursuant to this Amendment

No. 2.

(g) Payment by the Borrower of all fees payable pursuant to the last sentence of the first paragraph of Section 2.2 of the Credit Agreement which fees are set forth in a letter agreement of even date herewith.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Amendment No. 1 as of the date first set forth above.

MACK-CALI REALTY, L.P.

By: Mack-Cali Realty Corporation, its general partner

By:

Name: Barry Lefkowitz
Title: Vice President

THE CHASE MANHATTAN BANK, individually and as Administrative Agent

By:

Name: Marc E. Costantino
Title: Vice President

FLEET NATIONAL BANK, individually and as Syndication Agent

By:

Name: Mark E. Dalton
Title: Senior Vice President

BANKERS TRUST

By:

Name:
Title:

THE BANK OF NEW YORK

By:

Name:
Title:

BAYERISCHE LANDESBANK GIROZENTRALE

By:

Name:
Title:

By:

Name:
Title:

CITIZENS BANK OF RHODE ISLAND

By:

Name:
Title:

COMMERZBANK AKTIENGESELLSCHAFT, NEW YORK BRANCH

By:

Name:
Title:

By:

Name:
Title:

CREDITANSTALT CORPORATE FINANCE, INC.

By:

Name:
Title:

By:

Name:
Title:

CRESTAR BANK

By:

Name:
Title:

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK,
NEW YORK BRANCH

By:

Name:
Title:

DRESDNER BANK AG, NEW YORK BRANCH
AND GRAND CAYMAN BRANCH

By:

Name:
Title:

By:

Name:
Title:

EUROPEAN AMERICAN BANK

By:

Name:
Title:

ERSTE BANK

By:

Name:
Title:

THE FIRST NATIONAL BANK OF CHICAGO

By:

Name:
Title:

FIRST UNION NATIONAL BANK

By:

Name:
Title:

BAYERISCHE HYPOTHEKEN- UND WECHSEL- BANK
AKTIENGESELLSCHAFT, NEW YORK BRANCH

By:

Name:
Title:

By:

Name:
Title:

KEY BANK

By:

Name:
Title:

KREDIETBANK, N.V.

By:

Name:
Title:

MELLON BANK, N.A.

By:

Name:
Title:

NATIONSBANK

By:

Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By:

Name:
Title:

SOCIETE GENERALE

By:

Name:
Title:

SUMMIT BANK

By:

Name:
Title:

THE TOKAI BANK, LIMITED
NEW YORK BRANCH

By:

Name:
Title:

US TRUST

By:

Name:
Title:

LASALLE NATIONAL BANK

By:

Name:
Title:

BANK LEUMI USA

By:

Name:
Title:

BANK ONE, ARIZONA, NA

By:

Name:
Title:

Each of the undersigned Guarantors hereby acknowledges the foregoing Amendment No. 1 and reaffirms its guaranty of the Obligations (as defined in the Guaranty executed and delivered by such Guarantor) under the Credit Agreement and the other Loan Documents, each as amended hereby or in connection herewith, in accordance with the Guaranty executed and delivered by such Guarantor.

MACK-CALI REALTY CORPORATION

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

11 COMMERCE DRIVE ASSOCIATES

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings VI, L.P., its general partner

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

SIX COMMERCE DRIVE ASSOCIATES

By: Mack-Cali Sub I, Inc., its general partner

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings III, L.P., its general partner

By: Mack-Cali Sub I, Inc., its general partner

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

20 COMMERCE DRIVE ASSOCIATES

By: Mack-Cali Sub IV, Inc., its general partner

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings IX, L.P., its general partner

By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CENTURY PLAZA ASSOCIATES

By: Mack-Cali Sub IV, Inc., its general partner

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings II, L.P., its general partner

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Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

C.W. ASSOCIATES

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings VII, L.P., its general partner

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

D.B.C. ASSOCIATES

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings VIII, L.P., its general partner

By: Mack-Cali Sub II, Inc., its general partner

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Title: Vice President and Chief Financial Officer

CALI BUILDING V ASSOCIATES

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings I, L.P., its general partner

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

500 COLUMBIA TURNPIKE ASSOCIATES

By: Mack-Cali Sub I, Inc., its general partner

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Name: Barry Lefkowitz
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By: Cali Property Holdings V, L.P., its general partner

By: Mack-Cali Sub I, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CHESTNUT RIDGE ASSOCIATES

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

By: Cali Property Holdings X, L.P., its general partner

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

ROSELAND II LIMITED PARTNERSHIP

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

OFFICE ASSOCIATES, LTD.

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

GROVE STREET ASSOCIATES OF JERSEY CITY LIMITED PARTNERSHIP

By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

TENBY CHASE APARTMENTS

By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial

Officer

By: Cali Property Holdings IV, L.P., its general partner

By: Mack-Cali Sub IV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

600 PARSIPPANY ASSOCIATES, L.P.

By: Mack-Cali Sub V, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

400 RELLA REALTY ASSOCIATES, L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

VAUGHN PRINCETON ASSOCIATES L.P.

By: Mack-Cali Sub V, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MONMOUTH/ATLANTIC REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

JUMPING BROOK REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

HORIZON CENTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

COMMERCENTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

400 PRINCETON ASSOCIATES L.P.

By: Mack-Cali Sub V, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CAL-TREE REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MOUNT AIRY REALTY ASSOCIATES L.P.

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

FIVE SENTRY REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

300 TICE REALTY ASSOCIATES L.P.

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

BRIDGE PLAZA REALTY ASSOCIATES L.P.

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CALI AIRPORT REALTY ASSOCIATES, L.P.

By: Mack-Cali Sub VIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CROSS WESTCHESTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MID-WESTCHESTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

SO. WESTCHESTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub VI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

WHITE PLAINS REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XIV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MARTINE AVENUE REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XIII, Inc., its general partner

By:

Name: Barry Lefkowitz

Title: Vice President and Chief Financial Officer

CALI STAMFORD REALTY ASSOCIATES L.P. D/B/A RM STAMFORD REALTY ASSOCIATES

By: Mack-Cali Sub XII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

CALI PENNSYLVANIA REALTY ASSOCIATES, L.P.

By: Mack-Cali Sub XV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

SHELTON REALTY ASSOCIATES LIMITED PARTNERSHIP

By: Mack-Cali Sub XII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MOORESTOWN REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XVI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI PROPERTIES CO. #3

By: Mack-Cali Sub II, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI METROPOLITAN, LTD L.P.

By: Mack-Cali Sub XX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK PROPERTIES CO.

By: Mack-Cali Sub III, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI NORTH HILLS L.P.

By: Mack-Cali Sub XIV, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

120 PASSAIC STREET LLC

By: Mack-Cali Sub IX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI TEXAS PROPERTY, L.P.

By: Mack-Cali Sub XVII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

BRANDEIS BUILDING INVESTORS, L.P.

By: Mack-Cali Sub XIX, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI CENTURY III INVESTORS, L.P.

By: Mack-Cali Sub XVIII, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

PHELAN REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XXI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial

Officer

PRINCETON CORPORATE CENTER REALTY ASSOCIATES L.P.

By: Mack-Cali Sub XVI, Inc., its general partner

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

MACK-CALI PROPERTY TRUST

By:

Name: Barry Lefkowitz
Title: Vice President and Chief Financial Officer

Schedule 1.2

LENDER	COMMITMENT AMOUNT	COMMITMENT PERCENTAGE
The Chase Manhattan Bank 270 Park Avenue New York, NY 10017	$73,750,000	7.375%
Fleet National Bank 111 Westminster Street Providence, RI 02903	$73,750,000	7.375%
NationsBank 8300 Greensboro Drive McLean, VA 22102	$73,750,000	7.375%
PNC Bank, National Association Two Tower Center Blvd. East Brunswick, NJ 08816	$73,750,000	7.375%
First Union National Bank One First Union Center Charlotte, NC 28288-0166	$65,000,000	6.5%
Bankers Trust Company One Bankers Trust Plaza New York, NY 10006	$50,000,000	5.0%
Commerzbank AG, New York Branch 2 World Financial Center New York, NY 10281-1050	$50,000,000	5.0%
The First National Bank of Chicago One First National Plaza Suite 0151, 1-14 Chicago, IL 60670	$50,000,000	5.0%
Dresdner Bank AG, New York Branch and Grand Cayman Branch 75 Wall Street New York, NY 10005	$45,000,000	4.5%
Bank Austria Creditanstalt Corporate Finance, Inc. 2 Ravinia Drive Atlanta, GA 30346	$35,000,000	3.5%
Bayerische Hypo-und Vereinsbank AG New York Branch 32 Old Slip, Financial Square New York, NY 10005	$35,000,000	3.5%
Societe Generale 2001 Ross Avenue Dallas, TX 75201	$35,000,000	3.5%
Summit Bank 750 Walnut Avenue	$35,000,000	3.5%

Cranford, NJ 07016		
KBC Bank N.V. (f/k/a Kredietbank, N.V.) 125 West 55th Street New York, NY 10019	$30,000,000	3.0%
Key Bank National Association 127 Public Square Cleveland, OH 44114-1306	$25,000,000	2.5%
Mellon Bank, N.A. 1735 Market Street Philadelphia, PA 19103	$25,000,000	2.5%
US Trust 40 Court Street Boston, MA 02108	$25,000,000	2.5%
Bank of New York One Wall Street New York, NY 10015	$20,000,000	2.0%
Citizens Bank of Rhode Island 1 Citizens Plaza Providence, RI 02903-1339	$20,000,000	2.0%
Crestar Bank 8245 Boone Blvd. Vienna, VA	$20,000,000	2.0%
DG Bank Deutsche Genossenschaftsbank AG, New York Branch 609 Fifth Avenue New York, NY 10017-1021	$20,000,000	2.0%
The Tokai Bank Limited Park Avenue Plaza 55 East 52nd Street New York, NY 10055	$20,000,000	2.0%
Bank One, Arizona, NA 241 North Cental Avenue Phoenix, AZ 85004	$20,000,000	2.0%
Bayerische Landesbank Girozentrale 580 Lexington Avenue New York, NY 10022	$20,000,000	2.0%
European American Bank 335 Madison Avenue New York, NY 10017	$17,500,000	1.75%
LaSalle National Bank 135 South LaSalle Street Chicago, IL 60603	$17,500,000	1.75%
Erste Bank 280 Park Avenue, West Building New York, NY 10017	$15,000,000	1.5%
Bank Leumi USA 565 Fifth Avenue New York, NY 10036	$10,000,000	1.0%
TOTAL	$1,000,000,000	100%

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, 333-44441, 333-57103, 333-69029 and 333-71133) 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 23, 1999, appearing in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
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PricewaterhouseCoopers LLP
New York, New York
March 3, 1999

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