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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1998
OR

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

For the transition period from. . . .to.
Commission file number 1-13274

Mack-Cali Realty Corporation
(Exact name of registrant as specified in its charter)

Maryland	22-3305147
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

11 Commerce Drive, Cranford, New Jersey 07016-3501
(Address of principal executive office)
(Zip Code)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 twelve (12) months (or such shorter period that the Registrant was required to file such report) YES X NO and (2) has been subject to such filing requirements for the past ninety (90) days YES X NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of July 31, 1998, there were 57,974,947 shares of $0.01 par value common stock outstanding.

MACK-CALI REALTY CORPORATION

Form 10-Q

INDEX

<TABLE>
<CAPTION>

</TABLE>

MACK-CALI REALTY CORPORATION

Part I - Financial Information

Item I: Financial Statements

The accompanying unaudited consolidated balance sheets, statements of operations, of changes in stockholders' equity, and of cash flows and related notes, have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. The financial statements reflect all adjustments consisting only of normal, recurring adjustments, which are, in the opinion of management, necessary for a fair presentation for the interim periods.

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in the Company's Annual Report on Form 10-K and Form 10-K/A for the fiscal year ended December 31, 1997.

The results of operations for the three and six month periods ended June 30, 1998 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts)

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ASSETS	June 30, 1998	December 31, 1997

<S>	<C>	<C>
Rental property		
Land	$ 494,161	$ 374,242
Buildings and improvements	2,788,978	2,206,462
Tenant improvements	55,753	44,596
Furniture, fixtures and equipment	4,987	4,316
	3,343,879	2,629,616
Less - accumulated depreciation and amortization	(136,568)	(103,133)
Total rental property	3,207,311	2,526,483
Cash and cash equivalents	16,595	2,704
Investments in partially-owned entities	46,460	--
Unbilled rents receivable	33,777	27,438
Deferred charges and other assets, net	30,322	18,989
Restricted cash	5,483	6,844
Accounts receivable, net of allowance for doubtful accounts of $547 and $327	5,529	3,736
Mortgage note receivable	7,250	7,250
Total assets	$ 3,352,727	$ 2,593,444
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgages and loans payable	$ 1,350,996	$ 972,650
Dividends and distributions payable	36,532	28,089
Accounts payable and accrued expenses	31,502	31,136
Rents received in advance and security deposits	29,820	21,395
Accrued interest payable	2,013	3,489
Total liabilities	1,450,863	1,056,759
Minority interest of unitholders in Operating Partnership	456,242	379,245
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized, none issued	--	--
Common stock, $0.01 par value, 190,000,000 shares authorized, 57,971,447 and 49,856,289 shares outstanding	580	499
Additional paid-in capital	1,535,374	1,244,883
Dividends in excess of net earnings	(90,332)	(87,942)
Total stockholders' equity	1,445,622	1,157,440
Total liabilities and stockholders' equity	$ 3,352,727	$ 2,593,444

</TABLE>

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share amounts)

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	Three Months Ended June 30,		Six Months Ended June 30,	
REVENUES	1998	1997	1998	1997
<S>	<C>	<C>	<C>	

<C>				
Base rents	$ 105,861	$ 50,389	$ 198,777	$ 93,180
Escalations and recoveries from tenants	12,358	7,667	22,715	14,279
Parking and other	2,906	2,054	4,913	3,598
Interest income	916	432	1,459	1,640
Total revenues	122,041	60,542	227,864	112,697
EXPENSES				
Real estate taxes	11,854	6,496	21,926	11,929
Utilities	9,115	4,215	17,417	7,940
Operating services	15,629	7,357	28,321	13,773
General and administrative	6,394	3,754	12,591	6,927
Depreciation and amortization	19,093	8,799	35,324	16,292
Interest expense	21,786	9,884	40,265	17,704
Total expenses	83,871	40,505	155,844	74,565
Income before minority interest and extraordinary item	38,170	20,037	72,020	38,132
Minority interest	7,782	2,012	15,089	3,648
Income before extraordinary item	30,388	18,025	56,931	34,484
Extraordinary item - loss on early retirement of debt (net of minority interest's share of $297 in 1998)	2,373	--	2,373	--
Net income	$ 28,015	$ 18,025	$ 54,558	$ 34,484
Net income per share - Basic:				
Income before extraordinary item	$ 0.53	$ 0.49	$ 1.05	$ 0.95
Extraordinary item - loss on early retirement of debt	(0.04)	--	(0.04)	--
Net income	$ 0.49	$ 0.49	$ 1.01	$ 0.95
Net income per share - Diluted:				
Income before extraordinary item	$ 0.53	$ 0.49	$ 1.04	$ 0.93
Extraordinary item - loss on early retirement of debt	(0.04)	--	(0.04)	--
Net income	$ 0.49	$ 0.49	$ 1.00	$ 0.93

Dividends declared per common share	$ 0.50	$ 0.45	$ 1.00 $ 0.90
Weighted average shares outstanding - basic	57,019	36,489	54,207 36,475
Weighted average shares outstanding - diluted	64,626	41,213	61,671 41,016

</TABLE>

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)

<TABLE>
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	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings (Dividends in Excess of Net Earnings)	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1998	49,856	$499	$1,244,883	$(87,942)	$1,157,440
Net income	--	--	--	54,558	54,558
Dividends	--	--	--	(56,948)	(56,948)
Net proceeds from common stock offerings	7,835	78	284,375	--	284,453
Conversion of common units to shares of common stock	22	--	848	--	848
Proceeds from stock options exercised	258	3	5,268	--	5,271
Balance at June 30, 1998	57,971	$580	$1,535,374	$(90,332)	$1,445,622

</TABLE>

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

<TABLE>

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	Six Months Ended June 30, 1998	1997
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 54,558	$ 34,484
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	35,324	16,292
Amortization of stock compensation	--	1,057
Amortization of deferred financing costs	654	552
Minority interest	15,089	3,648
Extraordinary item - loss on early retirement of debt	2,373	--
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable	(6,339)	(3,944)
Increase in deferred charges and other assets, net	(4,569)	(2,976)
Increase in accounts receivable, net	(1,793)	(1,472)
Increase in accounts payable and accrued expenses	366	5,514
Increase in rents received in advance and security deposits	8,425	5,498
(Decrease) increase in accrued interest payable	(1,476)	588
Net cash provided by operating activities	$ 102,612	$ 59,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to rental property	$ (625,434)	$(308,531)
Issuance of mortgage note receivable	(20,000)	(11,600)
Repayment of mortgage note receivable	20,000	--
Investments in partially-owned entities	(38,126)	--
Decrease (increase) in restricted cash	1,361	(301)
Net cash used in investing activities	$ (662,199)	$(320,432)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgages and loans payable	$ 1,307,452	$ 132,876
Repayments of mortgages and loans payable	(949,815)	(32,482)
Repurchase of common stock	--	(4,680)
Repurchase of common units	(3,163)	--
Payment of financing costs	(7,492)	--
Net proceeds from common stock offerings	284,453	--
Proceeds from stock options exercised	5,271	2,503
Payment of dividends and distributions	(63,228)	(35,743)
Net cash provided by financing activities	$ 573,478	$ 62,474
Net increase (decrease) in cash and cash equivalents	$ 13,891	$(198,717)
Cash and cash equivalents, beginning of period	$ 2,704	$ 204,807
Cash and cash equivalents, end of period	$ 16,595	$ 6,090

</TABLE>

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share/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 portfolio of properties. As of June 30, 1998, the Company's portfolio was comprised of 242 properties plus developable land (collectively, the "Properties"). The Properties aggregate approximately 27.0 million square feet, and are comprised of 230 office and office/flex buildings totaling approximately 26.6 million square feet, 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 11 states, primarily in the Northeast and Southwest, 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 Partially-Owned Entities in Note 2 for the Company's treatment of unconsolidated partnership 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.

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

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

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. 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 Partially-Owned Entities

The Company accounts for its investments in partially-owned entities under the equity method of accounting as the Company exercises significant influence. These investments are recorded initially at cost, as Investments in Partially-Owned Entities, and subsequently adjusted for net equity in income (loss) and cash contributions and distributions. Net equity in income (loss) is included in parking and other in the Consolidated Statements of Operations for the three and six month periods ended June 30, 1998 (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 $400 and $281 for the three months ended June 30, 1998 and 1997, respectively, and $654 and $552 for the six months ended June 30, 1998 and 1997, 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 fees as compensation ranging from 0.667 percent to 2.667 percent of adjusted rents. Such fees, which are capitalized and amortized, approximated $659 and $334 for the three months ended June 30, 1998 and 1997, respectively, and $1,236 and $540 for the six months ended June 30, 1998 and 1997, respectively.

Revenue Recognition

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

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

Income and Other Taxes

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

Interest Rate Contracts	Interest rate contracts are utilized by the Company to reduce interest rate risks. The Company does not hold or issue derivative financial instruments for trading purposes. The differentials to be received or paid under contracts designated as hedges are recognized in income over the life of the contracts as adjustments to interest expense. Gains and losses are deferred and amortized to interest expense over the remaining life of the associated debt to the extent that such debt remains outstanding.

Earnings Per Share	In accordance with 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 June 30, 1998 represents dividends payable to shareholders of record on July 6, 1998 (57,973,447 shares), distributions payable to minority interest common unitholders (7,675,081 common units) on that same date and preferred distributions to preferred unitholders (248,055 preferred units) for the second quarter 1998. The second quarter 1998 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 second 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 June 24, 1998 and were paid on July 22, 1998.
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. See Note 13.
Reclassifications	Certain reclassifications have been made to prior period balances in order to conform with current period presentation.

3. ACQUISITIONS/TRANSACTIONS

On January 31, 1997, the Company acquired 65 properties ("RM Properties") from Robert Martin Company, LLC and affiliates ("RM") for a total cost of approximately $450,000. The cost of the transaction (the "RM Transaction") was financed through the assumption of $185,283 of mortgage indebtedness, the payment of approximately $220,000 in cash, substantially all of which was obtained from the Company's cash reserves, and the issuance of

1,401,225 common units, valued at $43,788. The RM Properties consist primarily of 54 office and office/flex properties, aggregating approximately 3.7 million square feet, and six industrial/warehouse properties, aggregating approximately 387,000 square feet.

In connection with the RM Transaction, the Company was granted a three-year option to acquire two properties (the "Option Properties"), under certain conditions, one of which was acquired in 1997. The purchase price for the remaining Option Property, under the agreement, is subject to adjustment based on different formulas and is payable in cash or common units. The Company holds a $7,250 mortgage loan ("RM Note Receivable") secured by the remaining Option Property (see Note 7).

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

pursuant to a Contribution and Exchange Agreement (the "Agreement"), for a total cost of approximately $1,102,024.

The 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 (the "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 (the "Unit Warrants"), valued at approximately $8,524, and (vi) the issuance of Contingent Units, as described below.

The 2,006,432 contingent common units, 11,895 Series A contingent preferred units and 7,799 Series B contingent preferred units (collectively, the "Contingent Units") were issued as contingent non-participating units. Such Contingent Units have no voting, distribution or other rights until such time as they are redeemed into common units, Series A preferred units, and Series B preferred units, respectively. Redemption of such Contingent Units shall occur upon the achievement of certain performance goals relating to certain of the Mack Properties, specifically the achievement of certain leasing activity.

On account of the achievement of certain of the performance goals during the six months ended June 30, 1998, certain of the Contingent Units were redeemed for a specified amount of common and preferred units (see Note 9).

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

In 1997, the Company also acquired 13 office and office/flex properties, aggregating 1,495,950 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.

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. The vacant land, on which the Company has commenced development of a 40,000 square-foot office/flex property, was acquired from RMC Development Co., LLC. In conjunction with the acquisition of the developable land, the Company signed a 15-year lease, on a triple-net basis, with a single tenant to occupy the entire property being developed.

On January 30, 1998, the Company acquired a 17-building office/flex portfolio, aggregating 748,660 square feet located in the Moorestown West Corporate Center in Moorestown, Burlington County, New Jersey and in Bromley Commons in Burlington, Burlington County, New Jersey. The 17 properties ("McGarvey Properties") were acquired for a total cost of approximately $47,526. The Company is under contract to acquire an additional four office/flex properties in the same locations. The Company also obtained an option to purchase a property for approximately $3,700, which was subsequently acquired by the Company on July 14, 1998. The purchase contract also provides the Company a right of first refusal to acquire up to six additional office/flex properties totaling 202,000 square feet upon their development and lease-up. The initial transaction was funded primarily from drawing on one of the Company's credit facilities as well as the assumption of mortgage debt with an estimated fair value of approximately $8,354 (the "McGarvey Mortgages"). The McGarvey Mortgages currently have a weighted average annual effective interest rate of 6.24 percent and are secured by five of the office/flex properties acquired.

On February 2, 1998, the Company acquired 2115 Linwood Avenue, a 68,000 square-foot vacant office building located in Fort Lee, Bergen County, New

Jersey. The building was acquired for approximately $5,164, 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 February 5, 1998, the Company acquired 500 West Putnam Avenue ("500 West Putnam"), a 121,250 square-foot office building located in Greenwich, Fairfield County, Connecticut. The property was acquired for a total cost of approximately $20,125, funded from drawing on one of the Company's credit facilities, as well as the assumption of mortgage debt with an estimated fair value of approximately $12,104, which bears interest at an annual effective interest rate of 6.52 percent.

On February 25, 1998, the Company acquired 10 Mountainview Road ("Mountainview"), a 192,000 square-foot office property, located in Upper Saddle River, Bergen County, New Jersey. The property was acquired for approximately $24,754, which was made available from proceeds received from the Company's February 1998 offering of common stock.

On March 12, 1998, the Company acquired 1250 Capital of Texas Highway South, a 270,703 square-foot office building in Austin, Travis County, Texas. The property was acquired for a total cost of approximately $37,167, which was made available from drawing on one of the Company's credit facilities.

On March 27, 1998, the Company acquired four office buildings, a day care center, plus land parcels, and a 50 percent interest in another office building, all of such properties aggregating 859,946 square feet and located in the Prudential Business Campus office complex in Parsippany and Hanover Township, Morris County, New Jersey. The properties and land parcels were acquired for a total cost of approximately $175,895, which funds were made available from the Company's cash reserves (provided in part from the proceeds received from the sale of 2,705,628 shares of the Company's common stock pursuant to a Stock Purchase Agreement with The Prudential Insurance Company of America, Strategic Value Investors, LLC and Strategic Value Investors International, LLC) and from drawing on one of the Company's credit facilities.

Also, on March 27, 1998, the Company acquired ten office properties (the "Pacifica I Acquisition"), located in suburban Denver and Colorado Springs, Colorado, and 2.5 acres of vacant land, located in the Denver Tech Center, from Pacifica Holding Company ("Pacifica"), a private real estate owner and operator in Denver, Colorado, for a total cost of approximately $74,818. Such funds were made available from drawing on one of the Company's credit facilities and the issuance of common units (see Note 9). The Pacifica I Acquisition comprises an aggregate of approximately 620,017 square feet of Pacifica's entire 1.2 million square-foot office portfolio, which consists of 18 office buildings and related operations. On June 8, 1998, the Company acquired six of the remaining office buildings as part of the second phase of the Pacifica acquisition (the "Pacifica II Acquisition"). The Pacifica II Acquisition is comprised of an aggregate of approximately 514,427 square feet and was acquired for a total cost of approximately $80,841, which was made available from drawing on one of the Company's credit facilities and the issuance of common units (see Note 9). The Company currently is a party to a letter of intent to acquire the remaining two office buildings, encompassing 95,360 square feet from Pacifica for an aggregate purchase price of approximately $11,866.

On March 30, 1998, the Company acquired two office buildings, aggregating 303,940 square feet, in the Morris County Financial Center located in Parsippany, Morris County, New Jersey. The properties were acquired for a total cost of approximately $52,763, which was made available from drawing on one of the Company's credit facilities.

On May 13, 1998, the Company acquired 3600 South Yosemite, a 133,743 square-foot office building located in Denver, Denver County, Colorado. The property was acquired for approximately $13,519, which was made available from drawing on one of the Company's credit facilities.

On May 14, 1998, the Company acquired One Ramland Road, a 232,000 square-foot vacant office/flex building plus developable land, located in Orangeburg, Rockland County, New York. The property and land were acquired for a total cost of approximately $7,000, which was made available from the Company's cash reserves. The Company is currently redeveloping the property for future lease-up and operation.

On May 22, 1998, the Company acquired 500 College Road East, a 158,235 square-foot office building, located in Princeton, Mercer County, New Jersey. The property was acquired for approximately $21,334, which was made available from drawing on one of the Company's credit facilities.

On June 1, 1998, the Company acquired two office buildings and entered into a contract to acquire a third office building and developable land, all from the same seller, as further described below. The Company acquired on June 1, 1998, 1709 New York Avenue Northwest and 1400 L Street Northwest, two office properties aggregating 325,000 square feet located in Washington, D.C. The

properties were acquired for a total cost of approximately $90,347, which was made available from drawing on one of the Company's credit facilities. Subsequently, on July 16, 1998, the Company acquired 4200 Parliament Drive, a 122,000 square-foot office property, plus adjacent developable land, located in Lanham, Prince George's County, Maryland. The property and land were acquired for a total cost of approximately $15,650, which was made available from drawing on one of the Company's credit facilities.

On June 3, 1998, the Company acquired 400 South Colorado Boulevard, a 125,415 square-foot office building, located in Denver, Denver County, Colorado. The property was acquired for approximately $12,015, which was made available from drawing on one of the Company's credit facilities.

On June 8, 1998, the Company completed construction of Two Center Court, a 30,600 square-foot office/flex building, located in the Company's Commercenter Office Park, in Totowa, Passaic County, New Jersey. The property was constructed for a cost of approximately $2,124.

On July 14, 1998, the Company acquired 1510 Lancer Road, an 88,000 square-foot office/flex building, located in Moorestown West Corporate Center in Moorestown, Burlington County, New Jersey for approximately $3,700, which was made available from drawing on one of the Company's credit facilities. The property was acquired through the Company's exercise of a purchase option obtained simultaneous with the acquisition of 17 office/flex buildings from the same seller on January 30, 1998.

4. INVESTMENTS IN PARTIALLY-OWNED ENTITIES

On March 27, 1998, the Company acquired a 50 percent interest in an existing joint venture, which owns Nine Campus Drive, a 156,495 square-foot office building, located in the Prudential Business Campus office complex in Parsippany, Morris County, New Jersey, as previously mentioned (see Note 3).

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. The venture was formed with the purpose of investing in, holding, rehabilitating, developing, managing, maintaining, and operating real estate investments, primarily in California. Initially, the venture's efforts have focused on two development projects, commonly referred to as Summit Continental Grand and Summit Ridge. Summit Continental Grand is a 4.2 acre site located on El Segundo, Los Angeles County, California, where the venture owns and 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, which the venture plans to acquire and build a 132,000 square-foot office/flex property. The Company is required to make capital contributions to the venture totaling up to $19,200, pursuant to the partnership agreement. Through June 30, 1998, the Company has invested approximately $7,044 in the venture. Amongst 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.

On April 30, 1998, the Company acquired a 49.9 percent interest in an existing joint venture, which owns Convention Plaza, a 305,000 square-foot office building, located in San Francisco, San Francisco County, California. The Company acquired its interest in the venture for a total initial investment of approximately $11,818, through the issuance of common units (see Note 9) and funds drawn from the Company's credit facilities.

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 formed to initially 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 invested approximately $9,917 in the joint venture through June 30, 1998 and holds a 50 percent interest. Amongst 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 lease. Such parking facility serves the recently-commenced ferry service between the Harborside property and Manhattan.

The following is a combined summary of the financial position of the partially-owned entities in which the Company has investment interests:

<TABLE>
<CAPTION>

	June 30, 1998

<S>	<C>
Assets:	
Rental property, net	$56,066
Other assets	12,720
Total assets	$68,786
Liabilities and partners' equity:	
Mortgage payable	$39,000
Other liabilities	2,131
Partners' equity	27,655
Total liabilities and partners' equity	$68,786

</TABLE>

The following is a combined summary of the results of operations of the partially-owned entities in which the Company has investment interests (from the date of the Company's initial investment through the end of the period for existing joint ventures) for the three and six month periods ended June 30, 1998:

<TABLE>
<CAPTION>

	Three Months Ended June 30, 1998	Six Months Ended June 30, 1998
<S>	<C>	<C>
Rental and other revenues	$ 1,776	$ 1,806
Operating and other expenses	(652)	(658)
Interest expense	(505)	(505)
Depreciation and amortization	(479)	(479)
Net income	$ 140	$ 164
Company's share of net income	$ 70	$ 95

</TABLE>

5. DEFERRED CHARGES AND OTHER ASSETS

<TABLE>
<CAPTION>

	June 30, 1998	December 31, 1997
<S>	<C>	<C>
Deferred leasing costs	$ 25,789	$ 20,297
Deferred financing costs	7,894	3,640
	33,683	23,937
Accumulated amortization	(10,690)	(9,535)
Deferred charges, net	22,993	14,402
Prepaid expenses and other assets	7,329	4,587
Total deferred charges and other assets, net	$ 30,322	$ 18,989

</TABLE>

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>

	June 30, 1998	December 31, 1997
<S>	<C>	<C>
Escrow and other reserve funds	$ 310	$ 1,278
Security deposits	5,173	5,566
Total restricted cash	$ 5,483	$ 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 (the "RM Note Receivable") to entities controlled by the RM principals, bearing interest at an annual rate of 450 basis points over one-month LIBOR (5.66 percent at June 30, 1998). The RM Note Receivable, which is secured by the Option Properties and guaranteed by certain of the RM principals, matures 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, leaving a principal balance of $7,250 secured by the remaining Option Property.

On March 6, 1998, prior to the completion of the Pacifica I Acquisition, the Company provided a $20,000 mortgage loan to an entity controlled by certain principals of Pacifica. Such 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>

	June 30, 1998	December 31, 1997
<S>	<C>	<C>
Prudential Mortgages	$ 211,221	$ 262,205
TIAA Mortgage	185,283	185,283
Harborside Mortgages	150,000	150,000
Mitsubishi Mortgages	72,204	72,204
CIGNA Mortgages	47,721	86,650
Other Mortgages	79,184	88,474
Revolving Credit Facilities	599,441	122,100
Contingent Obligation	5,942	5,734
Total mortgages and loans payable	$ 1,350,996	$ 972,650

</TABLE>

PRUDENTIAL MORTGAGES

The Company has mortgage debt from The Prudential Insurance Company of America and its subsidiaries (the "Prudential Mortgages") aggregating $211,221 and $262,205 as of June 30, 1998 and December 31, 1997, respectively, comprised of the following:

The Company has certain non-recourse mortgage debt, aggregating $61,221 in principal as of June 30, 1998, with The Prudential Insurance Company of

America ("Prudential"), substantially all of which was assumed in the Mack Transaction. Such mortgages, which are secured by three properties, bear interest at a weighted average fixed rate of 8.31 percent, all of which requiring monthly payments of interest. Certain of the mortgages require monthly payments of principal, in addition to interest, on various term amortization schedules. The mortgages mature between October 2003 and July 2004.

On December 10, 1997, the Company obtained a $200,000 term loan (the "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 loan was a recourse loan secured by 11 properties owned by the Company and located in New Jersey. The Prudential Term Loan was retired in April 1998, simultaneous with the Company obtaining the $150,000 Prudential Mortgage Loan, as described below.

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, at its option, may convert the mortgage loan to unsecured debt upon achievement by the Company of a credit rating of Baa3/BBB - or better. 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 one of the Company's credit facilities, to retire the Prudential Term Loan, as well as approximately $48,224 of the Mack Mortgages.

TIAA MORTGAGE
In connection with the RM Transaction, on January 31, 1997, the Company assumed a $185,283 non-recourse mortgage loan with Teachers Insurance and Annuity Association of America ("TIAA"), with interest only payable monthly at a fixed annual rate of 7.18 percent (the "TIAA Mortgage"). The TIAA Mortgage is secured and cross-collateralized by 43 of the RM Properties and matures on December 31, 2003. The Company, at its option, may convert, without any yield maintenance obligation or prepayment premium, the TIAA Mortgage to unsecured public debt upon achievement by the Company of a credit rating of Baa3/BBB- or better. The TIAA Mortgage is prepayable in whole or in part subject to certain provisions, including yield maintenance which is generally 100 basis points over United States Treasury obligations or 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 $103,337 and $104,768 as of June 30, 1998 and December 31, 1997, respectively, bears interest at a fixed rate of 7.32 percent and matures on January 1, 2006. The seller-provided mortgage financing, with a principal balance of $46,663 and $45,232 as of June 30, 1998 and December 31, 1997, respectively, matures on January 1, 2006 and initially 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 three-year treasury obligation at that time, with spreads of 110 basis points in years four through six and 130 basis points in years seven through maturity.

MITSUBISHI MORTGAGES In connection with the Mack Transaction, the Company assumed non-recourse, variable-rate mortgage debt (the "Mitsubishi Mortgages") aggregating $72,204 in principal as of June 30, 1998 and December 31, 1997 with Mitsubishi Trust and Banking Corporation. Such mortgages, 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 In connection with the Mack Transaction, the Company assumed non-recourse mortgage debt (the "CIGNA Mortgages") aggregating $47,721 and $86,650 in principal as of June 30, 1998 and December 31, 1997, respectively, with Connecticut General Life Insurance Company (CIGNA). Such mortgages, which are secured by five of the Mack Properties, bear interest at a weighted average annual fixed rate of 7.85 percent and require monthly payments of interest and principal on various term amortization schedules. The various mortgages mature between October 1998 and October 2003. In April 1998, simultaneous with the Company obtaining the $150,000 Prudential Mortgage Loan, as described above, the Company retired one of the CIGNA Mortgages with a principal balance of $27,835.

OTHER MORTGAGES The Company has mortgage debt ("Other Mortgages") aggregating $79,184 and $88,474 in principal as of June 30, 1998 and December 31, 1997, respectively, with eight different lenders, all of which were assumed in the Mack Transaction as well as the 1998 acquisitions of the McGarvey Properties

and 500 West Putnam, and are secured by 14 individual properties. As of June 30, 1998, the Other Mortgages bear interest at a weighted average annual fixed effective rate of 7.59 percent, and require monthly payments of principal and interest on various term amortization schedules. The Other Mortgages mature between February 1999 and October 2010. Variable rate debt included in Other Mortgages, 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, as described above.

REVOLVING CREDIT FACILITIES

Original Unsecured Facility

On August 6, 1997, the Company obtained an unsecured revolving credit facility (the "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.

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 (the "1998 Unsecured Facility") in the amount of $870,000 from a group of 25 lender banks, led by The Chase Manhattan Bank and Fleet National Bank. 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 27 banking institutions. The 1998 Unsecured Facility has a three-year term and currently bears interest at 110 basis points over LIBOR, a reduction of 15 basis points from the retired Original Unsecured Facility. Based upon the Company's achievement of an investment grade unsecured debt rating, the interest rate will be reduced, on a sliding scale, and a competitive bid option will become available.

The terms of the 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., as documentation agent; Bankers Trust, Commerzbank, AG, The First National Bank of Chicago, First Union National Bank and NationsBank, as managing agents; Creditanstalt Corporate Finance, Inc., Dresdner Bank, AG, European American Bank, Hypo Bank, Societe Generale and Summit Bank, as co-agents; and Kredietbank, N.V., Key Bank, Mellon Bank, N.A., The Bank of New York, Citizens Bank, Crestar, DG Bank, Tokai Bank, US Trust, Bayerische Landesbank, Erste Bank, BankLeumi USA and Bank One, Arizona, NA.

Prudential Facility

The Company has a revolving credit facility (the "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 March 31, 1999. In July 1998, the Prudential Facility's maturity date was extended to June 30, 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 June 30, 1998 and December 31, 1997 under the Prudential Facility.

CONTINGENT OBLIGATION

As part of the Harborside acquisition, the Company agreed to make payments (with an estimated net present value of approximately $5,252 at acquisition date) to the seller for development rights ("Contingent Obligation") if and when the Company commences construction on the acquired site during the next several years. However, the agreement provides, among other things, that even if the Company does not commence construction, the seller may nevertheless require the Company to acquire these rights during the six-month period after the end of the sixth year. After such period, the seller's option lapses, but any development in years 7 through 30 will require a payment, on an increasing scale, for the development rights. The Company is currently in the pre-development phase of a long-range plan to develop the Harborisde site on a multi-property, multi-use basis.

For the six months ended June 30, 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 $5,942 as of June 30, 1998.

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 for 6.285 percent per annum on a notional amount of $24,000 through August 1999.

On January 23, 1996, the Company entered into another interest rate swap agreement with a commercial bank. This swap agreement has a three-year term and a notional amount of $26,000, which fixes the Company's one-month LIBOR base to 5.265 percent per annum.

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 either of the counter parties.

CASH PAID FOR INTEREST & INTEREST CAPITALIZED

Cash paid for interest for the six months ended June 30, 1998 and 1997 was $61,440 and $16,563, respectively. Interest capitalized by the Company for the six months ended June 30, 1998 and 1997 was $1,085 and none, 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 the six months ended June 30, 1998, the Company issued 17,493 additional Preferred Units (10,565 of Series A and 6,928 of Series B), valued at approximately $17,943, in connection with the achievement of certain performance goals at the Mack Properties in redemption of an equivalent number of Contingent Units. Such Preferred Units carry the identical terms as those issued in the Mack Transaction.

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 the six months ended June 30, 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 22,300 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 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 a 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 II Acquisition, the Company issued 585,263 common units, valued at approximately $20,753.

During the six months ended June 30, 1998, the Company also issued 779,241 common units, valued at approximately $30,129, in connection with the achievement of certain performance goals at the Mack Properties in redemption of an equivalent number of contingent common units.

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 the six months ended June 30, 1998, the Company redeemed 779,241 contingent common units and 17,493 contingent Preferred Units and issued an equivalent number of common and Preferred Units, as indicated above.

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 June 30, 1998 and December 31, 1997, the minority interest common unitholders owned 11.7 percent (20.4 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).

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. 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 $148,712.

Ground Lease Agreements
Future minimum rental payments under the terms of all non-cancelable ground leases, under which the Company is the lessee, as of June 30, 1998, are as follows:

<TABLE>
<CAPTION>

Period	Amount
<S>	<C>
July 1, 1998 to December 31, 1998	$ 240
1999	479
2000	479
2001	479
2002	479
Thereafter	20,923
Total	$23,079

</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 believes 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.

12. TENANT LEASES

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

13. STOCKHOLDERS' EQUITY

To maintain its qualification as a REIT, not more than 50 percent in value of the outstanding shares of the Company may be owned, directly or indirectly, by five or fewer individuals 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.

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 Moutainview (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 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 common stock. Purchases could be made from time to time in open market transactions at prevailing prices or through privately negotiated transactions. Subsequently, through August 12, 1998, the Company purchased, for constructive retirement, 215,200 shares of its outstanding common stock for an aggregate cost of approximately $6,586. Concurrent with this purchase, the Company sold to the Operating Partnership 215,200 common units for approximately $6,586.

Stock Option Plans
In 1994, and as subsequently amended, the Company established the Cali Employee Stock Option Plan ("Employee Plan") and the Cali Director Stock Option Plan ("Director Plan") under which a total of 5,380,188 shares

(subject to adjustment) of the Company's common stock have been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). Stock options granted under the Employee Plan in 1994 and 1995 become exercisable over a three-year period and those options granted under the Employee Plan in 1996 and 1997 become exercisable over a five-year period. All stock options granted under the Director Plan become exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of June 30, 1998, and December 31, 1997, the stock options outstanding had a weighted average remaining contractual life of approximately 8.9 and 9.0 years, respectively.

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
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	901,150	37.31
Exercised	257,980	20.42
Lapsed or canceled	55,714	36.17
Outstanding at June 30, 1998	3,874,746	$33.49
Options exercisable at December 31, 1997	1,004,618	$25.22
Options exercisable at June 30, 1998	1,185,047	$26.33
Available for grant at December 31, 1997	1,629,575	
Available for grant at June 30, 1998	784,139	

</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.

On December 12, 1997, in conjunction with the completion of the Mack Transaction, the Company granted a total of 491,756 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.

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.

Earnings Per Share
- ------------------

FASB No. 128 requires a dual presentation of basic and diluted earnings per share ("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 three and six month periods ended June 30, 1998 and 1997 in accordance with FASB No. 128.

<TABLE>
<CAPTION>

	Three Months Ended June 30,			
	1998		1997	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
<S>	<C>	<C>	<C>	<C>
Net income	$ 28,015	$ 28,015	$ 18,025	$ 18,025
Add: Net income attributable to potentially dilutive securities	--	3,500	--	2,012
Adjusted net income	$ 28,015	$ 31,515	$ 18,025	$ 20,037
Weighted average shares	57,019	64,626	36,489	41,213
Per Share	$ 0.49	$ 0.49	$ 0.49	$ 0.49

</TABLE>

<TABLE>
<CAPTION>

	Six Months Ended June 30,			
	1998		1997	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
<S>	<C>	<C>	<C>	<C>
Net income	$ 54,558	$ 54,558	$ 34,484	$ 34,484
Add: Net income attributable to potentially dilutive securities	--	6,895	--	3,648

Adjusted net income	$ 54,558	$ 61,453	$ 34,484	$ 38,132
Weighted average shares	54,207	61,671	36,475	41,016
Per Share	$ 1.01	$ 1.00	$ 0.95	$ 0.93

</TABLE>

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

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Basic EPS Shares:	57,019	36,489	54,207	36,475
Add: Operating Partnership units	7,126	4,091	6,848	3,859
Stock options	444	434	529	483
Restricted Stock Awards	--	199	--	199
Stock Warrants	37	--	87	--
Diluted EPS Shares:	64,626	41,213	61,671	41,016

</TABLE>

Pursuant to the Repurchase Program, from August 7, 1998 through August 12, 1998, the Company purchased for constructive retirement, 215,200 shares of its outstanding common stock for approximately $6,586.

14. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

The Company has adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("FASB No. 130"), which establishes standards for the reporting and display of comprehensive income and its components; however the adoption of this statement had no impact on the Company's financial statement presentation. The Company does not currently have any items of comprehensive income requiring separate reporting and disclosure.

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

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.

15. PRO FORMA FINANCIAL INFORMATION (unaudited)

The following proforma financial information for the three and six month periods ended June 30, 1998 and 1997 are presented as if the RM Transaction, the Mack Transaction and all other acquisitions and common stock offerings completed in 1997, and all acquisitions and common stock offerings completed during the six month period ended June 30, 1998 had all occurred on January 1, 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>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Total revenues	$ 127,156	$ 127,655	$ 251,359	$ 250,686
Operating and other expenses	37,534	42,965	73,668	80,367
General and administrative	6,615	9,100	13,785	15,497
Depreciation and amortization	19,797	19,686	39,007	37,861
Interest expense	25,869	26,832	50,903	53,619
Income before minority interest and extraordinary item	37,341	29,072	73,996	63,342
Minority interest	7,867	6,623	15,525	13,812
Income before extraordinary item	$ 29,474	$ 22,449	$ 58,471	$ 49,530
Basic earnings per common share	$ 0.51	$ 0.39	$ 1.01	$ 0.86
Diluted earnings per common share	$ 0.50	$ 0.39	$ 1.00	$ 0.85

</TABLE>

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

Item 2:
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

The following comparisons for the three and six month periods ended June 30, 1998 ("1998"), as compared to the three and six month periods ended June 30, 1997 ("1997") make reference to the following: (i) the effect of the "Same-Store Properties," which represents all properties owned by the Company at March 31, 1997 (for the three-month period comparisons), and which represents all properties owned by the Company at December 31, 1996 (for the six-month period comparisons), (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 April 1, 1997 through June 30, 1998, excluding Mack Properties (for the three-month period comparisons), and which represents all properties acquired by the Company from January 1, 1997 through June 30, 1998, excluding RM Properties and Mack Properties (for the six-month period comparisons).

Three Months Ended June 30, 1998 Compared to Three Months Ended June 30, 1997

Total revenues increased $61.5 million, or 101.6 percent, for the three months ended June 30, 1998 over the same period in 1997. Base rents increased $55.5 million, or 110.1 percent, of which an increase of $19.4 million, or 38.5 percent, was attributable to the Acquired Properties, and an increase of $36.4 million, or 72.2 percent, due to the Mack Properties, offset by a decrease of $0.3 million, or 0.6 percent, due to occupancy and rental rate changes at the Same-Store Properties. Escalations and recoveries increased $4.7 million, or 61.2 percent, of which an increase of $2.3 million, or 30.3 percent, was

attributable to the Acquired Properties, and an increase of $2.4 million, or 30.9 percent, due to the Mack Properties. Parking and other income increased $0.8 million, or 41.5 percent, of which $0.5 million, or 28.8 percent, was attributable to the Mack Properties, $0.2 million, or 9.3 percent, was attributable to the Acquired Properties, and $0.1 million, or 3.4 percent, due to the Same-Store Properties. Interest income increased $0.5 million, or 112.0 percent, due primarily to interest received in connection with the Company's $20.0 million mortgage note receivable in 1998.

Total expenses for the three months ended June 30, 1998 increased $43.4 million, or 107.1 percent, as compared to the same period in 1997. Real estate taxes increased $5.4 million, or 82.5 percent, for 1998 over 1997, of which an increase of $2.2 million, or 33.0 percent, was attributable to the Acquired Properties, an increase of $2.9 million, or 44.7 percent, due to the Mack Properties, and an increase of $0.3 million, or 4.8 percent, attributable to the Same-Store Properties. Additionally, operating services increased $8.3 million, or 112.4 percent, and utilities increased $4.9 million, or 116.3 percent, for 1998 over 1997. The aggregate increase in operating services and utilities of $13.2 million, or 113.8 percent, consists of $4.6 million, or 39.9 percent, attributable to the Acquired Properties, and an increase of $8.9 million, or 76.6 percent, due to the Mack Properties, offset by a decrease of $0.3 million, or 2.7 percent, attributable to the Same-Store Properties. General and administrative expense increased $2.7 million, or 70.3 percent, of which $2.0 million, or 52.0 percent, is due primarily to an increase in payroll and related costs as a result of the Company's expansion, and $0.7 million, or 18.3 percent, due to additional costs related to the Mack Properties. Depreciation and amortization increased $10.0 million, or 110.3 percent, for 1998 over 1997, of which $3.8 million, or 42.3 percent, relates to depreciation on the Acquired Properties, an increase of $5.8 million, or 63.3 percent, due to the Mack Properties, and an increase of $0.4 million, or 4.7 percent, due to the Same-Store Properties. Interest expense increased $12.1 million, or 126.9 percent, for 1998 over 1997, of which $0.3 million, or 3.4 percent, was attributable to assumed mortgages on Acquired Properties, an increase of $6.0 million, or 63.1 percent, due to assumed mortgages from the Mack Properties, and an increase of $5.8 million, or 60.4 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.

Income before minority interest and extraordinary item increased to $38.1 million in 1998 from $20.0 million in 1997. The increase of $18.1 million was due to the factors discussed above.

Net income increased $10.0 million for 1998, from $18.0 million in 1997 to $28.0 million in 1998. This increase was a result of an increase in income before minority interest and extraordinary item of $18.1 million, offset by an increase of $5.7 million in minority interest, primarily attributable to distributions on Preferred Units in 1998 of $4.0 million, and an extraordinary item of $2.4 million (net of minority interest), related to early retirement of debt.

Six Months Ended June 30, 1998 Compared to Six Months Ended June 30, 1997

Total revenues increased $115.2 million, or 102.2 percent, for the six months ended June 30, 1998 over the same period in 1997. Base rents increased $105.6 million, or 113.3 percent, of which an increase of $27.9 million, or 29.9 percent, was attributable to the Acquired Properties, an increase of $5.6 million, or 6.0 percent, due to the RM Properties, and an increase of $72.1 million, or 77.4 percent, due to the Mack Properties. Escalations and recoveries increased $8.5 million, or 59.1 percent, of which an increase of $3.4 million, or 23.9 percent, was attributable to the Acquired Properties, an increase of $0.5 million, or 2.9 percent, due to the RM Properties, and an increase of $4.7 million, or 32.7 percent, due to the Mack Properties, offset by a decrease of $0.1 million, or 0.4 percent, due to occupancy changes at the Same-Store Properties. Parking and other income increased $1.3 million, or 36.5 percent, of which $0.9 million, or 25.7 percent, was due to the Mack Properties, and $0.3 million, or 9.0 percent, was attributable to the Acquired Properties, and an increase of $0.3 million, or 7.2 percent, due to the Same-Store Properties, offset by a decrease of $0.2 million, or 5.4 percent, due to the RM Properties. Interest income decreased $0.2 million, or 11.0 percent, due primarily to the use of funds held in 1997 to fund the RM Transaction, partially offset by interest received in connection with the Company's $20.0 million mortgage note receivable in 1998.

Total expenses for the six months ended June 30, 1998 increased $81.3 million, or 109.0 percent, as compared to the same period in 1997. Real estate taxes increased $10.0 million, or 83.8 percent, for 1998 over 1997, of which an

increase of $3.0 million, or 24.7 percent, was attributable to the Acquired Properties, an increase of $0.8 million, or 7.0 percent, due to the RM Properties, an increase of $5.8 million, or 48.6 percent, due to the Mack Properties, and an increase of $0.4 million, or 3.5 percent, attributable to the Same-Store Properties. Additionally, operating services increased $14.5 million, or 105.6 percent, and utilities increased $9.5 million, or 119.4 percent, for 1998 over 1997. The aggregate increase in operating services and utilities of $24.0 million, or 110.6 percent, consists of $0.8 million, or 3.7 percent, attributable to the RM Properties, an increase of $6.4 million, or 29.5 percent, due to the Acquired Properties, and an increase of $17.2 million, or 79.1 percent, due to the Mack Properties, offset by a decrease of $0.4 million, or 1.7 percent, attributable to the Same-Store Properties. General and administrative expense increased $5.7 million, or 81.8 percent, of which $4.1 million, or 59.6 percent, is due primarily to an increase in payroll and related costs as a result of the Company's expansion, $1.5 million, or 20.8 percent, due to additional costs related to the Mack Properties, and $0.1 million, or 1.4 percent, attributable to additional costs related to the RM Properties. Depreciation and amortization increased $18.5 million, or 109.7 percent, for 1998 over 1997, of which $5.4 million, or 32.1 percent, relates to depreciation on the Acquired Properties, an increase of $1.4 million, or 8.3 percent, attributable to the RM Properties, an increase of $11.3 million, or 67.2 percent, due to the Mack Properties, and an increase of $0.4 million, or 2.1 percent, due to the Same-Store Properties. Interest expense increased $23.1 million, or 134.8 percent, for 1998 over 1997, of which $1.1 million, or 6.5 percent, was attributable to the TIAA Mortgage, $0.5 million, or 3.1 percent, due to assumed mortgages on Acquired Properties, an increase of $11.4 million, or 66.1 percent, due to assumed mortgages from the Mack Properties, and an increase of $10.1 million, or 59.1 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.

Income before minority interest and extraordinary item increased to $72.0 million in 1998 from $38.1 million in 1997. The increase of $33.9 million was due to the factors discussed above.

Net income increased $20.1 million for 1998, from $34.5 million in 1997 to $54.6 million in 1998. This increase was a result of an increase in income before minority interest and extraordinary item of $33.9 million, offset by an increase of $11.4 million in minority interest, primarily attributable to distributions on preferred units in 1998 of $7.9 million, and an extraordinary item of $2.4 million (net of minority interest), related to early retirement of debt.

Liquidity and Capital Resources

Statement of Cash Flows
During the six months ended June 30, 1998, the Company generated $102.6 million in cash flows from operating activities, and together with $1.3 billion in borrowings from the Company's credit facilities and additional mortgage financings, $284.5 million in net proceeds from the Company's common stock offerings during the period, $20.0 million received from a repayment of a mortgage note receivable, and $5.3 million in proceeds from stock options exercised, $1.4 million from the Company's cash reserves, used an aggregate of $1.7 billion to acquire 51 properties and pay for other tenant improvements and building improvements for $625.4 million, repay outstanding borrowings on its credit facilities and other mortgage debt of $949.8 million, pay quarterly dividends and distributions of $63.2 million, invest $38.1 million in partially-owned entities, provide $20.0 million for a mortgage note receivable, pay financing costs of $7.5 million and repurchase 20,000 common units for $3.2 million.

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

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 $99.9 million (after offering costs) in the funding of such acquisition.

On March 26, 1998, in connection with the Pacifica I Acquisition, the Company issued 100,175 common units, valued at approximately $3.8 million.

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

outstanding borrowings under the Company's credit facilities.

On April 29, 1998, the Company completed an underwritten offer and sale of 994,228 shares of its common stock and used the net proceeds, which totaled approximately $34.6 million (after offering costs) primarily to pay down a portion of its outstanding borrowings under the Company's credit facilities.

On April 30, 1998, in connection with the acquisition of a 49.9 percent interest in a joint venture, the Company issued 218,105 common units, valued at approximately $8.3 million.

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 $34.1 million (after offering costs) primarily to pay down a portion of its outstanding borrowings under the Company's credit facilities.

On June 8, 1998, in connection with the Pacifica II Acquisition, the Company issued 585,263 common units, valued at approximately $20.8 million.

During the six months ended June 30, 1998, the Company also issued 779,241 common units and 17,493 preferred units, valued at approximately $48.1 million, in connection with the achievement of certain performance goals at the Mack Properties, with an equivalent number of Contingent Units being redeemed.

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 $100.0 million of the Company's common stock. Purchases could be made from time to time in open market transactions at prevailing prices or through privately negotiated transactions. Subsequently, through August 12, 1998, the Company purchased, for constructive retirement, 215,200 shares of its outstanding common stock for an aggregate cost of approximately $6.6 million. Concurrent with this purchase, the Company sold to the Operating Partnership 215,200 common units for approximately $6.6 million.

On April 17, 1998, the Company repaid in full and terminated its $400 million unsecured revolving credit facility, led by Fleet National Bank, and obtained a new unsecured revolving credit facility (the "1998 Unsecured Facility") in the amount of $870.0 million from a group of 25 lender banks, led by The Chase Manhattan Bank and Fleet National Bank. 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 27 banking institutions. The 1998 Unsecured Facility has a three-year term and currently bears interest at 110 basis points over LIBOR, a reduction of 15 basis points from the retired Original Unsecured Facility. Based upon the Company's achievement of an investment grade unsecured debt rating, the interest rate will be reduced, on a sliding scale, and a competitive bid option will become available.

The terms of the 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., as documentation agent; Bankers Trust, Commerzbank, AG, The First National Bank of Chicago, First Union National Bank and NationsBank, as managing agents; Creditanstalt Corporate Finance, Inc., Dresdner Bank, AG, European American Bank, Hypo Bank, Societe Generale and Summit Bank, as co-agents; and Kredietbank, N.V., Key Bank, Mellon Bank, N.A.,

The Bank of New York, Citizens Bank, Crestar, DG Bank, Tokai Bank, US Trust, Bayerische Landesbank, Erste Bank, Bank Leumi USA, and Bank One, Arizona, N.A.

The new unsecured facility, together with the Company's previously-existing $100.0 million revolving credit facility with Prudential Securities Corp., provides the Company with total credit lines borrowing capacity of $1.0 billion.

On April 30, the Company obtained a $150.0 million, interest-only, non-recourse mortgage loan from The Prudential Insurance Company of America ("$150.0 Million 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, at its option, may convert the mortgage loan to unsecured debt upon achievement by the Company of a credit rating of Baa3/BBB- or better. 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 one of the Company's credit facilities, to retire a $200.0 million term loan with Prudential, as well as approximately $48.2 million of the Mack Mortgages.

As of June 30, 1998, the Company has 164 unencumbered properties, totaling 16.4 million square feet, representing 60.6 percent of the Company's total portfolio on a square footage basis.

On June 18, 1998, the Company and the Operating Partnership filed a registration statement on Form S-3 for an aggregate of $2.0 billion in debt securities, preferred stock and preferred stock represented by depositary shares. The registration statement has not yet been declared effective by the SEC and neither the Company nor the Operating Partnership has a current intention to issue securities therefrom.

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 Prudential facility and the 1998 Unsecured Facility. The Company is frequently examining potential property acquisitions and, at any one 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 Prudential facility and the 1998 Unsecured Facility primarily to fund property acquisition activities.

The Company does not intend to reserve funds to retire the existing TIAA mortgage, Harborside mortgages, $150.0 Million Prudential Mortgage Loan, its various other property mortgages, and borrowings under the revolving credit facilities or other long-term mortgages and loans payable upon maturity. Instead, the Company will seek to refinance such debt at maturity or retire such debt through the issuance of additional equity or debt securities. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distribution discussed below may be adversely affected.

To maintain its qualification as a REIT, the Company must make annual 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 $115.9 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 three and six month periods ended June 30, 1998 and 1997, as calculated in accordance with the NAREIT's definition published in March 1995, are summarized in the following table (in thousands):

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Income before minority interest and extraordinary item	$38,170	$20,037	$ 72,020	$38,132
Add: Real estate-related depreciation and amortization (1)	19,211	8,786	35,330	16,265
Deduct: Rental income adjustment for straight-lining of rents (1)	(3,142)	(2,337)	(6,345)	(3,944)
Funds from operations, after adjustment for straight-lining of rents	$54,239	$26,486	$101,005	$50,453
Less: Distributions to preferred unitholders	3,985	--	7,896	--
Funds from operations, after adjustment for straight-lining of rents, after distributions to preferred unitholders	$50,254	$26,486	$ 93,109	$50,453
Basic weighted average shares/units outstanding (2)	64,145	40,579	61,055	40,334
Diluted weighted average shares/units outstanding (2)	71,444	41,013	68,425	40,817

</TABLE>

(1) Includes FFO adjustments in 1998 related to the Company's investments in partially-owned entitites.
(2) See calculation 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>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	

<C>

Basic weighted average shares:	57,019	36,489	54,207
36,475			
Add: Weighted average common units	7,126	4,090	6,848
3,859			
Basic weighted average shares/units:	64,145	40,579	61,055
40,334			
Add: Weighted average preferred units (after conversion to common units)	6,818	--	6,754
--			
Stock options	444	434	529
483			
Stock warrants	37	--	87
--			
Diluted weighted average share/units:	71,444	41,013	68,425
40,817			

</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.

Year 2000

Many computer systems experience problems handling dates beyond the year 1999. Therefore, some computer hardware and software will need to be modified prior to the year 2000 in order to remain functional. The Company is assessing both the internal readiness of its systems as well as the compliance of its vendors for the handling of the year 2000. The Company expects to implement successfully the

systems and programming changes necessary to address year 2000 issues, and does not believe that the cost of such actions will have a material effect on the Company's results of operations or financial condition. There can be no assurance, however, that there will not be a delay in, or increased costs associated with, the implementation of such changes, and the Company's inability to implement such changes could have an adverse effect on future results of operations.

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 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable.

MACK-CALI REALTY CORPORATION

Part II -- Other Information

Item 1. Legal Proceedings

Reference is made to "Other Contingencies" in Note 11 (Commitments and Contingencies) to the Consolidated Financial Statements, which is specifically incorporated by reference herein.

Item 2. Changes in Securities and Use of Proceeds

(c) Reference is made to the sixth, seventh and eighth paragraphs under "Common Units" and "Contingent Common and Preferred Units" in Note 9

(Minority Interest) to the Consolidated Financial Statements, which are specifically incorporated by reference herein.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Submission of Matters to a Vote of Security Holders

On May 21, 1998, the Company held its Annual Meeting of Stockholders to elect four directors to the Board of Directors of the Company, among other things. At the Annual Meeting, the shareholders re-elected the following Class I directors to serve until the Annual Meeting of Stockholders to be held in 2001: Brendan T. Byrne (Number of shares for: 42,988,183, Number of shares against: 6,416,881), Martin D. Gruss (Number of shares for: 43,011,747, Number of shares against: 6,393,317), Jeffrey B. Lane (Number of shares for: 43,004,942, Number of shares against: 6,400,122) and Vincent Tese (Number of shares for: 43,001,727, Number of shares against: 6,403,337). The remaining members of the 13 member Board of Directors and their respective terms of offices are as follows: Class II directors, William L. Mack, Earle I. Mack, Paul A. Nussbaum and Alan G. Philibosian, whose terms expire at the Annual Meeting of Stockholders to be held in 1999 and Class III directors, John J. Cali, Thomas A. Rizk, Mitchell E. Hersh, Irvin D. Reid and Robert F. Weinberg, whose terms expire at the Annual Meeting of Stockholders to be held in 2000. At the Annual Meeting, the shareholders also voted upon and approved the following proposals: (i) the ratification of the appointment of Price Waterhouse LLP (currently known as PricewaterhouseCoopers LLP), independent accountants, as the Company's independent accountants for the ensuing year (Number of shares for: 49,306,961, Number of shares against: 50,817, Number of shares abstained: 47,207, Number of shares of broker non-votes: 79) and (ii) the adoption of an amendment to the Company's Amended and Restated Articles of Incorporation to decrease the number of affirmative votes necessary to effect an admendment thereto from two-thirds to a majority of the shares outstanding (Number of shares for: 41,489,309, Number of shares against: 1,239,783, Number of shares abstained: 213,667, Number of shares of broker non-votes 6,462,305).

Item 5. Other Information

A recent change in the proxy rules of the Securities and Exchange Commission limits the circumstances under which the proxy voting card distributed by registered companies to their shareholders may permit those companies to cast the votes represented by the proxy voting cards in their sole discretion. As applied to the Company, the most important limitation is as follows: For proposals made by a shareholder at the 1999 annual meeting that were not properly submitted by the shareholder for inclusion in the Company's own proxy materials, the Company may vote proxies in its discretion about those proposals only if it has not received notice from the shareholder by February 14, 1999 at the latest that the shareholder intends to make those proposals at the meeting.

Item 6 - Exhibits

(a) The following exhibits are filed herewith:

Exhibit No.	Exhibit Title
10.168	Real Estate Purchase and Sale Agreement between JAD Properties LLC. as Seller, and Mack-Cali Realty, L.P., as Purchaser, dated April 1998.
10.169	Operating Agreement of American Financial Exchange L.L.C. between M-C Harsimus Partners L.P and Columbia Development Company, L.L.C., dated as of May 20, 1998.

10.170 First Amendment to Contribution and Exchange Agreement among Pacifica Holding Company LLC and Apollo Real Estate Investment Fund II, L.P., as Contributors, Mack-Cali Realty, L.P. and Mack-Cali Realty Corporation dated June 8, 1998.

10.171 Agreement of Sale between Lancer Associates, L.L.C. and Mack-Cali Realty, L.P. dated January 1998.

(b) On June 12, 1998, the Company filed a Current Report on Form 8-K which reported certain acquisitions and filed special purpose financial statements and unaudited pro forma financial information. A Current Report on Form 8-K/A, amending the June 12, 1998 8-K, was filed with the SEC on August 5, 1998.

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.

Mack-Cali Realty Corporation
(Registrant)

Date: August 14, 1998

/s/ Thomas A. Rizk

Thomas A. Rizk
Chief Executive Officer

Date: August 14, 1998

/s/ Barry Lefkowitz

Barry Lefkowitz
Executive Vice President &
Chief Financial Officer

Exhibit 10.168

REAL ESTATE PURCHASE AND SALE AGREEMENT

BETWEEN

JAD PROPERTIES, LLC
"SELLER"

AND

MACK-CALI REALTY L.P.
"PURCHASER"

FOR

400 SOUTH COLORADO BOULEVARD
GLENDALE, COLORADO

TABLE OF CONTENTS

EXHIBIT INDEX

EXHIBIT REFERENCE

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("AGREEMENT") is entered into as of this day of April, 1998, between JAD PROPERTIES, LLC, A COLORADO LIMITED LIABILITY COMPANY ("SELLER") and MACK-CALI REALTY L.P., A DELAWARE LIMITED PARTNERSHIP. ("PURCHASER").

1. PURCHASE AND SALE. In consideration of their mutual covenants set forth in this Agreement, Seller agrees to sell to Purchaser and Purchaser agrees to buy for the Purchase Price $11,975,000 and on the terms and conditions set forth herein, the following:

(a) That certain parcel of land situated in the County of Arapahoe, State of Colorado, described on EXHIBIT A attached hereto and made a part hereof, and commonly known as the 400 SOUTH COLORADO BOULEVARD, GLENDALE, COLORADO 80 (the "OWNED LAND").

(b) The Seller's leasehold interest as lessee (the "CISSELL LEASEHOLD") granted by a certain lease dated September 21, 1977, by and between Vincent J. Cissell and Shaaron K. Cissell, as the original lessors, and George Irvin Chevrolet Co., a Colorado corporation, as the original lessee, as amended (the "CISSELL LEASE").

(c) All existing improvements and fixtures (collectively, the "IMPROVEMENTS") located on the Owned Land and on the real property which is the subject of the Cissell Lease (the "CISSELL PARCEL"), and including, but only to the extent of any right thereto upon lease termination, the improvements and fixtures located on the Real Property which is demised by a certain Ground Lease Agreement dated January 24, 1992 by and between the Seller as lessor and RCI West, Inc., a Colorado corporation, as tenant, as amended (the "RCI LEASE").

(d) All personal property owned by Seller located on or in the Owned Parcel, the Cissell Parcel or Improvements and used in connection with

the ownership, operation of the Owned Parcel or Improvements as is described on EXHIBIT D attached hereto and made a part hereof including without limitation furniture, art work, furnishings, office equipment and supplies, and all supplies, and construction and finish materials not incorporated in the Improvements and stored on site for repairs and replacements ("PERSONAL PROPERTY").

(e) Seller's interest in all leases, licenses and other agreements to occupy or use the Owned Parcel, the Cissell Parcel and/or the Improvements, or any contiguous land, or any portion thereof, as amended from time to time, in effect on the date of Closing, as hereinafter defined, together with all security deposits (cash or non-cash) made with respect thereto (all such leases and agreements being collectively referred to herein as "LEASES").

(f) All Intangible Property owned by Seller and used in connection with the Owned Land, Improvements and Personal Property, including, without limitation, any and all trademarks and trade names, logos and trade colors used in connection with any part of the Owned Land, the Cissell Parcel and Improvements, and all plans, specifications, and studies, if any, in the possession of Seller in connection with the Improvements, all rights, interests, claims, minerals and mineral rights, water and water rights, if any, hereditaments, privileges, tenements and appurtenances belonging to the Owned Land and the Cissell Parcel, all right, title and interest of Seller in and to all open or proposed highways, streets, roads, avenues, alleys, curb cuts, sidewalks, sewers, utilities, easements, strips, gores and rights-of-way in, on, across, in front of, contiguous to, abutting or adjoining the Owned Land and the Cissell Parcel, licenses, certificates of occupancy, permits and warranties now in effect with respect to the Owned Land, the Cissell Parcel, Improvements and Personal Property, all Service Contracts in effect at Closing, in any way relating to the Premises (as hereinafter defined), and all equipment leases and all rights of Seller thereunder relating to equipment or property located upon the Premises, which will survive the Closing ("INTANGIBLE PROPERTY").

The Owned Land and the Cissell Leasehold, along with their appurtenant Improvements, Personal Property, Leases and Intangible Property (but not including the improvements and fixtures located on the real property which is demised by the RCI Lease (the "RCI PARCEL"), except to the extent of any right thereto upon termination of the RCI Lease), are referred to herein as the "PREMISES".

2. PURCHASE PRICE: EARNEST MONEY. The purchase price for the Premises shall be Eleven Million Nine Hundred Seventy Five Thousand and 00/100 Dollars ($11,975,000.00) ("PURCHASE PRICE") which is to be paid as follows:

(a) No later than April 20, 1998, $500,000.00 shall be deposited as earnest money by Purchaser in the form of cash or by federal funds wire transfer, cashier's or certified check made payable to Stewart Title of Denver, Inc. at its offices located at 50 So. Steele Street, Suite 600, Denver, Colorado 80209 (the "TITLE AGENT") as agent for Stewart Title Guaranty Company (the "TITLE COMPANY"). The $500,000.00 and any interest thereon shall be referred to herein as the "EARNEST MONEY". The Earnest Money shall be applied to the Purchase Price at Closing (as hereinafter defined). The Earnest Money shall be deposited with and held by the Title Agent in accordance with Escrow Instructions and this Agreement in the form attached hereto as EXHIBIT E, to be executed by Seller and Purchaser (the "ESCROW INSTRUCTIONS").

(b) Not later than 12:00 p.m. (Noon), Mountain Time, on the Closing Date (as herein defined), Purchaser shall deposit with the Title Agent, in immediately available funds, the sum necessary, along with the Earnest Money, to make the total consideration paid to Seller at Closing equal to the Purchase Price, plus or minus prorations as hereinafter provided.

3. CLOSING.

(a) Subject to the terms and conditions of this Agreement, the consummation of the purchase and sale of the Premises (the "CLOSING") shall take place commencing at 10:00 a.m. Mountain Time at the office of the Title Agent, and shall be conducted by the Title Agent on May 29, 1998 (the "CLOSING DATE"), or on such other earlier date as may be mutually agreed by the parties.

(b) In order to facilitate the Closing, both parties shall use diligent efforts to have all unsigned documents necessary for the consummation of this transaction delivered to the Title Agent and the other party, on the day before the Closing Date, and Seller shall deliver possession of the Premises to Purchaser on the Closing Date. Closing shall occur through an escrow with the Title Agent. Upon satisfaction or completion of all closing conditions and deliveries, the parties shall direct the Title Agent to immediately record and deliver the Closing Documents to the appropriate parties and make disbursements according to the closing statements executed by Seller and Purchaser. The Title Agent shall agree in writing with Seller and Purchaser that (1) recordation of the Deed constitutes its representation that it is holding the Closing Documents, closing funds and closing statement and is

prepared and irrevocably committed to disburse the closing funds in accordance with the closing statements and (2) release of funds to the Seller shall irrevocably commit it, as agent for the Title Company to issue the Title Policy in accordance with this Agreement. Provided such supplemental Escrow Instructions are not in conflict with this Agreement as it may be amended in writing from time to time, Seller and Purchaser agree to execute such supplemental Escrow Instructions as may be appropriate to enable Title Agent to comply with the terms of this Agreement. All prorations shall be calculated as of the Closing Date and the Closing Date shall be a date of income and expense to the Seller.

(c) SELLER'S CLOSING DOCUMENTS. At Closing, Seller shall execute, (and if required, acknowledge) and shall deliver the following documents ("CLOSING DOCUMENTS") at its expense:

(1) A Special Warranty Deed for the Owned Land ("DEED") in recordable form executed on behalf of Seller, conveying to Purchaser the Real Estate and Improvements, subject only to the Permitted Exceptions, as hereinafter defined, in the form of EXHIBIT F attached hereto and incorporated herein by this reference;

(2) A Special Warranty Assignment and Assumption of the Cissell Lease in the form attached hereto as EXHIBIT K.

(3) A Special Warranty Bill of Sale making no warranty of condition or fitness, conveying to Purchaser the Personal Property, in the form of EXHIBIT G attached hereto and incorporated herein by this reference;

(4) An Assignment and Assumption of Contracts assigning and conveying to Purchaser, without warranty or representation except as set forth in this Agreement and EXHIBIT H, the Seller's interest in, to and under the Leases and containing an assumption by Purchaser of the Seller's obligations under the Leases for the Owned Land, from and after the Closing Date (including any obligations relating to security deposits), and Seller's interest in all Service Contracts (which Purchaser elects to assume under this Agreement) pursuant to Paragraph 36 hereof and all Intangible Property in the form of EXHIBIT H attached hereto and incorporated herein by this reference;

(5) An affidavit sworn by an officer of Seller to the effect that Seller is not a "foreign person" as that term is defined in Section 1445(f)(3) of the Internal Revenue Code of 1954, as amended, which affidavit shall be in such form as may be prescribed by federal regulations;

(6) The Title Policy, as hereinafter defined in Paragraph 4(c)(v), for the Owned Land or an unconditional commitment of the Title Company to issue the Title Policy, subject only to the Permitted Exceptions and with the endorsements described in Paragraph 4(c)(v), the base cost of which shall be paid by Seller, provided, however, that, if Purchaser desires any endorsements described in Paragraph 4(c)(v) to such Title Policy, the Purchaser shall pay the cost thereof; the Seller shall cooperate with the Purchaser to obtain deletion of the standard printed title exceptions from Schedule B-2 of the Title Policy, at no cost to either party, provided that Seller shall not be required to incur any obligation other than as set forth in Paragraph 3(c)(7) and Paragraph 4(a)(2)(i) and (ii);

(7) A Certificate of Authority of Seller evidencing the status and capacity of Seller and the authority of the person or persons who are executing the various documents on behalf of Seller in connection with this Agreement;

(8) The Title Company's Standard Lien Affidavit in the form attached hereto as EXHIBIT J;

(9) An original (or, if Seller does not have an original, a copy and with the exception of originals required to be kept by Seller under Internal Revenue Service regulations, such as purchase invoices, checks, deposit slips, etc.) of all of the Leases, Service Contracts and Intangible Property which are in the possession of Seller or Seller's agents, together with such leasing and property files and records, if any, which are in the possession of Seller or Seller's agents but excepting those documents which are to be delivered to Purchaser pursuant to the provisions of Paragraph 3(c)(12) below. Purchaser shall cooperate with Seller for a period equal to the shorter of (i) five (5) years after Closing, or (ii) for as long as the Purchaser owns the Premises, in case of Seller's need in response to any legal requirement, a tax audit, tax return preparation or litigation threatened or brought against Seller, by allowing Seller and its agents or representative access, upon reasonable advance notice (which notice shall identify the nature of the information sought

by Seller), at all reasonable times to examine and make copies of any and all instruments, files and records pertaining to a period prior to the Closing, which right shall survive the Closing;

(10) Letters of termination, effective no later than Closing, of those Service Contracts which Purchaser has timely elected not to assume under the provisions of Paragraph 36, including any management agreements affecting the Premises;

(11) If applicable under local law, or required by the Title Company, a waiver of any lien rights by the company managing the Premises and, if different, the company leasing the Premises for Seller at the time of Closing;

(12) Any other closing deliveries required of Seller under this Agreement to be made by or on behalf of Seller;

(13) A letter by which Seller directs its property manager to deliver to Purchaser all books and records of account, contracts, leases and leasing correspondence, receipts for deposits, unpaid bills and other papers or documents which pertain to the Premises together with all advertising materials, booklets, keys and other items, if any, used in the operation of the Premises. The foregoing shall not include (i) any copies (not originals) of any documents of which Purchaser has already received either a copy or the original thereof; (ii) any originals or copies of documents which have been generated by or for Seller as part of any record keeping or filing obligations imposed on Seller by any governmental agencies, except that Seller shall deliver to Purchaser a copy of all federal tax returns filed by the Seller during its ownership of the Premises, along with a computer disk of this Agreement in WordPerfect format; (iii) any of the organizational books and records of the Seller as a legal entity; and (iv) any documents in Seller's possession which do not relate directly to the operation of the Premises (including, without limitation, materials prepared for the advertising and marketing of the Premises for sale, listing agreements of the Premises for sale and accounting records prepared for purposes of evaluating the Premises in relation to other assets held by Seller or its affiliated entities). Seller makes no representations regarding such documents or items delivered by the property manager at or after Closing;

(14) A counterpart of a closing and proration statement;

(15) A counterpart of any required real estate transfer declarations, disclosures or forms;

(16) Evidence of compliance with Colorado withholding tax requirements (including, without limitation, the filing of Forms D1079 and DR1083);

(17) A letter from Seller advising the tenants and the other parties to the Leases and Service Contracts (which are being assumed by Purchaser) of the assignment of their respective Leases and Service Contracts to Purchaser and, with respect to the Leases, to whom rent is to be paid subsequent to Closing;

(18) An updated Rent Roll dated as of the Closing Date, certified by Seller as true, correct and complete; and

(19) A certificate executed by Seller recertifying the representations and warranties set forth in Paragraph 6 below (subject to any modifications allowed under said Paragraph 6) as of the Closing Date.

(20) A statement of termination, effective no later than the Closing Date, of the Exclusive Leasing Agreement with Integrated Property Management, Inc. dated November 18, 1997, executed by the parties thereto.

(d) PURCHASER'S CLOSING DOCUMENTS. At Closing, Purchaser, at Purchaser's expense, shall deliver such documentary and other evidence as may be reasonably required by Seller, the Title Agent, or the Title Company evidencing the status and capacity of Purchaser, and the authority of the person or persons who are executing the various documents on behalf of Purchaser in connection with this Agreement, and shall deliver any other closing deliveries required of Purchaser under this Agreement to be made by or on behalf of Purchaser.

(e) TENANTS' ESTOPPEL CERTIFICATES. No later than three (3) business days prior to Closing, Seller shall deliver to Purchaser Clean Tenant Estoppel Certificates (as defined below) from tenants occupying at least eighty percent (80%) of the rentable area of the improvements located on the Owned Land and the RCI Parcel, and such eighty percent (80%) must include a Clean Tenant Estoppel Certificate from every tenant that occupies 5,000 or more square feet of the rentable floor area in the Building on the Owned Land as of the date of the Rent Roll delivered on the Closing Date. A "CLEAN TENANT ESTOPPEL CERTIFICATE" shall mean either (i) a statement in the form of EXHIBIT I attached hereto (but from which the applicable tenant may strike Paragraph L thereof, as more fully set forth below), which does not contain any assertion or disclosure by a tenant that there are any defaults by the Seller or that there are any monetary or material nonmonetary defaults by the tenant under any provisions of the applicable lease, or that there are any events which have occurred which, with the passage of time or giving of notice or both, would result in Seller or tenant being in default under such lease; or (ii), if after diligent efforts by

the Seller, any tenant refuses to execute an estoppel statement in the form of EXHIBIT I, an estoppel statement in the form to which the landlord is entitled under the applicable tenant's lease certifying that (a) the lease is in full force and effect, subject only to such modifications (if any) as may be set out therein; (b) the tenant is in possession of the leased premises and paying rent as provided in its lease; (c) the dates (if any) to which rent is paid in advance; and (d) that there are not, to such tenant's knowledge, any uncured defaults on the part of the landlord under such lease.

Seller shall use diligent efforts to obtain, in each Tenant Estoppel Certificate, Paragraph L of EXHIBIT I; provided that, the fact that a tenant has refused to agree to said provision (and said provision has been stricken by the tenant from the tenant's Estoppel Certificate by striking out or similar deletion) shall not, in itself, mean that the Estoppel Certificate is not a Clean Tenant Estoppel Certificate. The parties understand that, during the process of obtaining the Tenant Estoppel Certificates, if Seller becomes aware of any defaults claimed by any tenants or of any other matters which would prevent any tenant from delivering a Clean Tenant Estoppel Certificate, Seller may attempt to resolve any such claimed defaults or other items, at Seller's cost, in order to obtain a Clean Tenant Estoppel Certificate from such tenant.

Upon Seller's receipt of a Tenant Estoppel Certificate that is not a Clean Tenant Estoppel Certificate, Seller shall have the right, but not the obligation, to cure any default asserted in the Tenant Estoppel Certificate, and for this purpose Seller, at its option, shall be entitled to a reasonable adjournment of the Closing if additional time is required, but in no event shall said adjournment exceed two (2) weeks after the date for Closing set forth in Paragraph 3(a) hereof and in no event shall Seller be entitled to such adjournment unless Seller gives written notice to Purchaser of its election to so extend the Closing not less than two (2) business days prior to Closing.

If Seller is unable to deliver Clean Tenant Estoppel Certificates for at least eighty percent (80%) of the rentable area under lease in Building on the Owned Land as of the date of the Rent Roll delivered on the Closing Date (including all tenants who have at least 5,000 square feet of rentable floor area) no later than three (3) business days prior to Closing (whether as originally scheduled or as postponed by Seller as required above, taking into account any adjournment allowed by this paragraph), Purchaser may, by written notice given to Seller no later than one (1) business day prior to Closing, extend the Closing Date for two (2) additional weeks in order for Purchaser to determine whether to proceed with this transaction. If on the originally scheduled Closing Date or any postponed Closing Date permitted under this Paragraph 3(e), the Seller is unable to deliver the Clean Estoppel Certificates required under this Paragraph 3(e), Purchaser may then, in its sole discretion, and as its sole remedy, either (i) terminate this Agreement by written notice to Seller on or before such applicable Closing Date in which case the Earnest Money shall be promptly returned to Purchaser and all parties shall be relieved from any further liability hereunder except as provided in Paragraph 39 below; or (ii), if Purchaser fails to give such notice of termination, Purchaser shall be deemed to have waived its objection to the lack of sufficient Clean Tenant Estoppel Certificates and the parties shall proceed to Closing without reduction in the Purchase Price by reason thereof.

Seller shall, within five business days after the end of the Due Diligence Period (the "ESTOPPEL REVIEW PERIOD"), prepare and deliver to Purchaser for its review and comment the Estoppel Certificates in the form of EXHIBIT I, and any such Estoppel Certificates shall be deemed approved by Purchaser (for sending out by Seller to obtain the applicable tenant's signature thereon) unless Purchaser gives Seller written notice of Purchaser's objections thereto within three (3) days after receipt thereof. If this Agreement has not been terminated by Purchaser at the end of the Due Diligence Period, Seller shall deliver the Estoppel Certificates to the tenants promptly after the end of the Estoppel Review Period.

A Clean Tenant Estoppel Certificate which is not signed by the tenant shall be deemed to be an acceptable Clean Tenant Estoppel Certificate from the tenant if (i) the applicable lease provides that the tenant shall be deemed to have approved an estoppel certificate if such tenant fails to return such certificate within a stated period of time, the tenant does so in fact fail to return or object to such Clean Tenant Estoppel Certificate within the stated period of time, and the Seller provides to the Purchaser evidence of the proper delivery of the Clean Tenant Estoppel Certificate to such tenant showing the start of the applicable time period, or (ii) the applicable lease provides that, in certain circumstances, the landlord under such lease may execute an estoppel certificate on behalf of such tenant, Seller does in fact execute such Clean Tenant Estoppel Certificate and the Seller provides to Purchaser evidence that such certain circumstances have occurred.

(f) CISSELL ESTOPPEL CERTIFICATE. No later than May 4, 1998 (the "CISSELL ESTOPPEL DEADLINE"), Seller shall deliver to Purchaser a Clean Cissell Estoppel Certificate (as defined below) from the landlords under the Cissell Lease. A "CLEAN CISSELL ESTOPPEL CERTIFICATE" shall mean either (i) a

statement in the form of EXHIBIT L attached hereto which does not contain any assertion or disclosure by such landlords that there are any defaults by the Seller under any provisions of the Cissell Lease, or that there are any events which have occurred which, with the passage of time or giving of notice or both, would result in Seller being in default under such lease; or (ii), if after diligent efforts by the Seller, such landlords refuse to execute an estoppel statement in the form of EXHIBIT L, an estoppel statement in the form to which the Seller (as tenant) is entitled under the Cissell Lease certifying that (a) the Cissell Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that the Cissell Lease, as so modified, is in full force and effect), (b) the date to which rent, security deposit, and other charges are paid in advance, if any, and (c) acknowledging that there are not, to the landlords' knowledge, any uncured defaults on the part of Tenant under the Cissell Lease.

Seller shall use diligent efforts to obtain a Clean Cissell Estoppel Certificate. Upon Seller's receipt of a Cissell Estoppel Certificate that is not a Clean Cissell Estoppel Certificate, Seller shall have the right, but not the obligation, to cure the default asserted in the Cissell Estoppel Certificate. If Seller is unable to deliver a Clean Cissell Estoppel Certificate no later than the Cissell Estoppel Deadline, Purchaser may then, in its sole discretion, and as its sole remedy, either (i) terminate this Agreement by written notice to Seller on or before one day after the Cissell Estoppel Deadline in which case the Earnest Money shall be promptly returned to Purchaser and all parties shall be

relieved from any further liability hereunder except as provided in Paragraph 39 below; or (ii), if Purchaser fails to give such notice of termination by such date, Purchaser shall be deemed to have waived its objection to the lack of the Clean Cissell Estoppel Certificate and the parties shall proceed to Closing without reduction in the Purchase Price by reason thereof. If Seller is able to obtain a Clean Cissell Estoppel Certificate, Seller shall deliver the Cissell Estoppel Certificate to the Purchaser promptly after the end of the Cissell Estoppel Deadline.

4. CONDITIONS TO CLOSING.

(a) In addition to all other conditions to the completion of the transaction described in this Agreement, Seller and Purchaser agree that the closing of this sale and purchase is subject to satisfaction, approval or waiver by Purchaser in its sole discretion of the following conditions on or before April 20, 1998. (the end of the "DUE DILIGENCE PERIOD"):

(1) Inspection and approval of the physical condition and use of the Premises. For the purpose of conducting non-destructive physical inspections, Seller agrees to provide Purchaser and its authorized agents a continuing right of reasonable access to the Premises at all reasonable times during the Due Diligence Period upon at least twenty-four (24) hours' prior written notice to Seller, and provided that a representative of Seller may accompany Purchaser during all such inspections. Purchaser hereby agrees to indemnify Seller and hold Seller, Seller's agents and employees and the Premises harmless from and against any and all losses, costs, damages, claims or liabilities including, but not limited to, mechanic's and materialmen's liens and reasonable attorney's fees, arising out of or in connection with Purchaser's access to or entry upon the Premises under this Paragraph 4(a)(1). Purchaser's indemnity and hold harmless agreements pursuant to this Paragraph 4(a)(1) shall survive the termination or expiration of this Agreement by Closing or otherwise.

During the pendency of this Agreement, Purchaser and its agents, employees, and representatives shall have a continuing right of reasonable access to the Premises and any office where the records of the Premises are kept for the purpose of examining and making copies of all books and records and other materials relating to the Premises in Seller's or its property manager's possession. Purchaser shall have the right to conduct "walk-throughs" of the Premises before the Closing upon appropriate notice to tenants as permitted under the Leases. Purchaser may make inquiries to the Asset Managers, parties to Service Contracts and municipal, local and other government officials and representatives, and Seller consents to such inquiries.

During any access to the Premises, or by telephone conference call, the Purchaser shall have the right to interview tenants, but only if Purchaser is accompanied by or on the telephone call with one of the Asset Managers of Seller (as defined in Paragraph 6 below) and Purchaser shall not take any actions which disrupt the peaceable possession by any tenant of its leased space or the peaceful continuation of such tenant's Lease.

(2) Inspection and approval of the following documents ("DISCLOSURE DOCUMENTATION"):

(i) a title commitment issued by Title Company for the Owned Land and Cissell Leasehold dated as of or after March 1, 1998 (the "TITLE COMMITMENT"), with such Title Commitment evidencing all matters affecting record

title to the Owned Land and Improvements and binding the Title Company to issue promptly after Closing to Purchaser the Title Policy (as more fully defined in Paragraph 4(c)(v) below), in an amount equal to the Purchase Price for the Owned Land and its Improvements, together with copies of all instruments referenced in Schedule B of the Title Commitment;

(ii) any existing survey of the Premises and Improvements in Seller's possession as of the execution hereof, including that certain survey issued by R & R Engineer-Surveyors, Inc, dated March 30, 1998, Job No. IP818 (collectively the "SURVEY");

(iii) copies of all evidence of any Intangible Property in Seller's possession;

(iv) plans and specifications for the Premises in Seller's possession, if any, including, without limitation, as-built drawings, if any;

(v) the operating statements for the Premises for the last three (3) calendar years as well as the calendar quarters immediately preceding the date of this Agreement, which shall not contain any intentional misrepresentation of facts or omission of facts;

(vi) copies of all service agreements and management agreements ("SERVICE CONTRACTS") relating to the Premises;

(vii) copies of all certificates of occupancy relating to the Premises in Seller's possession, if any;

(viii) copies of all of the following documents, if any, to the extent they exist and are in Seller's possession, but excluding any documents which are privileged: engineering reports; soils reports and maintenance reports and environmental reports relating to the Premises (provided that, if Seller withholds any of such documents on the basis of privilege, Seller shall, along with delivery of the other Disclosure Documentation, deliver

notice to Purchaser of the existence of the document and the claim of privilege; provided that, if no such notice is delivered, Seller shall be deemed to represent that it has delivered or made available to Purchaser all documents relating to the ownership, use or operation of the Premises in Seller's possession or control except for any direct correspondence between Seller and its legal counsel, and such counsel's work product);

(ix) a list of all vendors for the Premises including their telephone numbers;

(x) a list of all warranties known to Seller and currently in effect with respect to the Premises, if any;

(xi) all books and records maintained by Seller with respect to the Premises ("BOOKS");

(xii) Seller's existing so-called "Phase I Environmental Review" for the Premises and any other environmental reports of the Premises in Seller's possession (hereinafter collectively defined as the "REPORT");

(xiii) a copy of all the Leases and whatever is denoted as an addendum, modification, amendment or rider thereto, and a current statement showing all of the existing Leases, the applicable suite numbers, their current rental status, the square footage, the current monthly Base Rent and Operating Expense Escalations, security deposits held, name of tenant and expiration date (along with any other informational notes which Seller may elect to add to the Rent Roll, as defined in Paragraph 6 below); and

(xiv) copies of Seller's certificates of insurance for the Premises, and any notices requiring correction of defects received from Seller's insurance carriers relating to the Premises.

On or before March 19th, 1998, the Seller provided a copy for Purchaser's use of the Disclosure Documentation mentioned above (excluding subparagraphs iv, v, viii, and ix, copies of which were made available to Purchaser at Seller's office). On or before March 15th, 1998, the Seller shall caused the Title Company to deliver the Title Commitment (together with copies of all instruments referenced in Schedule B of the Title Commitment) to Purchaser. Seller makes no representations or warranties with respect to such documents or information, including the accuracy thereof, except as is specifically set forth in this Agreement and the exhibits forming a part hereof.

In the event the Purchaser determines in its sole and absolute discretion that it does not wish to purchase the Premises, then Purchaser may terminate this Agreement by giving written notice (the "TERMINATION NOTICE") to Seller no later than 5:00 p.m. Mountain Time on the last day of the Due Diligence Period. If Purchaser fails to give the Termination Notice to Seller prior to 5:00 p.m.

Mountain Time on the last day of the Due Diligence Period, Purchaser shall be deemed to have waived its right to terminate this Agreement based on this Paragraph 4(a) contingency and the parties shall proceed to Closing. In the event Purchaser's Termination Notice is timely received by Seller, the Earnest Money shall be released to the Purchaser by the Title Agent (except as noted below), both Seller and Purchaser shall be released and discharged from all further obligations under this Agreement, and neither Seller nor Purchaser shall be subject to any claim by the other for damages of any kind except as provided in Paragraph 39 below.

(b) CONFIDENTIALITY. Without the prior written consent of Seller, unless and until the Closing has occurred for this transaction, Purchaser shall hold in strictest confidence all data and information delivered to Purchaser by Seller pursuant to this Agreement whether obtained before or after the execution and delivery of this Agreement, and shall not disclose the same to others unless required by applicable law or the terms of the organizational documents for Purchaser in which case such information may be made known to investors in Purchaser; provided, however, that it is understood and agreed that Purchaser may disclose, for the sole purpose of evaluating and consummating this transaction, such data and information to its employees, consultants, lenders, accountants and attorneys, and any other person or entity which Purchaser anticipates will invest in the Premises and as necessary to conduct its investigation; provided further that Purchaser shall instruct each person to whom Purchaser discloses such information that such information is to be held in strictest confidence and Purchaser shall act as guarantor of the confidentiality of all information contained in the Rent Roll, the Leases and the Lease files and shall be responsible for all loss and/or damages incurred by Seller as a result of any unauthorized disclosure or use of such information by Purchaser's employees, consultants, vendors, agents, and subcontractors or other entities to whom Purchaser provided said information. Such information does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by Purchaser or its representatives, (ii) was or becomes available to Purchaser on a non-confidential basis from a source other than the Seller, provided that, to Purchaser's knowledge, such source is not prohibited from disclosing such information to Purchaser by a contractual, legal or fiduciary obligation to the Seller, or (iii) was within Purchaser's possession prior to its being furnished to Purchaser by or on behalf of the Seller or is independently developed by Purchaser.

(c) CONDITIONS TO THE PURCHASER'S OBLIGATION TO CLOSE. In addition to all other conditions set forth herein, the obligation of Purchaser to consummate the transaction contemplated hereunder shall be contingent upon the following:

(i) The Seller's representations and warranties contained herein shall be true and correct as of the date of this Agreement and the Closing Date;

(ii) As of the Closing Date, the Seller shall have performed its obligations hereunder and all deliveries to be made by the Seller at Closing have been tendered;

(iii) As of the Closing Date, no action or proceeding by or before any governmental authority shall have been instituted or threatened (unless dismissed, settled or otherwise terminated prior to Closing) which is reasonably expected to restrain, prohibit or invalidate the transactions contemplated by this Agreement;

(iv) As of the Closing Date, Seller shall not be in material default under any Service Contract to be assigned to, or obligation to be assumed by, Purchaser under this Agreement;

(v) At Closing, the Title Company shall deliver to Purchaser an ALTA Owner's Policy of title insurance in the amount of the Purchase Price, insuring Purchaser as owner of good, marketable and indefeasible fee simple title to the Owned Land and as owner of the Cissell Leasehold in the real property which is subject to Cissell Lease, subject only to the Permitted Exceptions (the "TITLE POLICY") or an unconditional written commitment to issue same promptly after Closing, on, if the Title Company agrees, ALTA Form Revised 10-17-70 and 10-17-84 or current form with the creditors' rights exclusion deleted, and with ALTA General Exceptions 1 through 5 on Schedule B-2 deleted, and with the following amendments or endorsements, if available: (1) the exception for parties in possession shall be limited to tenants in possession as tenants only under the Leases without any option to purchase or acquire an interest in the Premises; (2) owner's comprehensive; (3) access; (4) survey (accuracy of survey); (5) location (survey legal matches title legal); (6) separate tax lot; (7) legal lot; (8) zoning 3.1, with parking and loading docks; and (9) such other endorsements as Purchaser may require during the Due Diligence Period based on its review of the Title Commitment and Survey; provided that Purchaser shall be obligated to pay for all costs for and associated with all such modifications, deletions and endorsements to the Title Policy, and provided further that Seller agrees (as provided above) to execute the Title

Company's Standard Lien/Owner's Affidavit and otherwise to cooperate with Purchaser to obtain the deletion of the creditors' rights exclusion, the deletion of Exceptions 1 through 5 on Schedule B-2 and the other endorsements set forth in this paragraph, but shall have no obligation to incur any expense in order to obtain same. Prior to the end of the Due Diligence Period, Purchaser shall determine from the Title Company the form of the Title Policy, and all modifications, deletions and endorsements thereof, which the Title Company is willing to issue (based on the Standard Lien/Owner's Affidavit to be signed by Seller, and based on such other documents and fees and costs to be provided by Purchaser) and, unless Purchaser terminates this Agreement under the provisions of Paragraph 4, Purchaser shall, after the Due Diligence Period, not be entitled to terminate this Agreement as a result of an inability to obtain any deletion of any provision of, modification of or endorsement to the base Title Policy;

(vi) The Clean Tenant and Cissell Estoppels are delivered pursuant to Paragraphs 3(e) and (f); and

(vii) As of the Closing Date, the aggregate rentable area of Leases under which a Prohibited Default exists shall not exceed five percent (5%) of the rentable area covered by Leases in the Rent Roll delivered on the Closing Date. A "PROHIBITED DEFAULT" (i) shall mean any monetary breach by any tenant in excess of Five Hundred Dollars ($500.00), regardless of whether the Seller has given such tenant any notice required under the applicable lease; (ii) shall mean any nonmonetary breach of any lease by a tenant which remains uncured for a period of a thirty (30) days after its due date, regardless of whether notice thereof has been given by Seller to such tenant; but (iii) shall not include any breach, monetary or non-monetary, by any tenant whose lease is of less than one thousand (1,000) rentable square feet. A monetary breach (i) shall not be deemed to exist under any lease if the amount due is less than Five Hundred Dollars ($500.00), unless there are more than five (5) tenants who are each in default in an amount less than Five Hundred Dollars ($500.00), in which case every other tenant who is in default by an amount of under Five Hundred Dollars ($500.00) shall be counted as a tenant with a monetary breach, and (ii) shall not include a failure of any tenant to pay any claims by the Seller for reimbursement of costs incurred by Seller in excess of a tenant-finish allowance or similar one-time charges claimed by the Seller under the applicable lease.

If any condition to Purchaser's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date or other applicable date, Purchaser may, in its sole discretion and as its sole remedy, terminate this Agreement by delivering written notice to the Seller on or before the Closing Date or other applicable date, or Purchaser may elect to close, notwithstanding the non-satisfaction of such condition, in which event the Purchaser shall be deemed to have waived any such condition. If Purchaser elects to terminate, without any Purchaser default, under any of the contingencies provided to Purchaser under this Agreement, Purchaser shall be entitled to the prompt return of the Earnest Money from the Title Agent, and all parties hereto shall be relieved of all further obligations hereunder except for those provided under Paragraph 39 below.

5. PERMITTED TITLE EXCEPTIONS. If Purchaser does not timely deliver a Termination Notice, the Premises shall be conveyed to Purchaser by Seller subject to the following title matters (collectively the "PERMITTED EXCEPTIONS"):

(a) All matters identified on the Title Commitment, except (i) those items to which Purchaser has objected during the Due Diligence Period and which Seller has agreed, in a writing signed by Seller and Purchaser before the end of the Due Diligence Period, to cure, and (ii) mechanic's liens, deeds of trust, mortgages and recorded U.C.C. security interests;

(b) Those matters set forth on EXHIBIT B attached hereto;

(c) All matters set forth on the Survey and all matters which are otherwise apparent upon an inspection of the Owned Land and Improvements, except those items to which Purchaser has objected during the Due Diligence Period and which Seller has agreed, in a writing signed by Seller and Purchaser before the end of the Due Diligence Period, to cure;

(d) Building restrictions, zoning regulations and all other applicable laws heretofore or hereafter adopted by any municipal or other public authority relating to the Premises;

(e) Taxes and assessments not yet due and payable;

(f) Any matters arising by, through or under Purchaser; and

(g) The Leases.

Judgment liens, tax liens and other monetary encumbrances which encumber the Premises to be conveyed by Seller to Purchaser hereunder shall in no instance constitute Permitted Exceptions and Seller shall cause same to be released at or prior to Closing.

6. REPRESENTATIONS AND WARRANTIES OF SELLER.

(a) The Seller represents and warrants to Purchaser that as of the date hereof and as of the Closing Date, with regard to Seller and the Premises:

(i) The Seller is a limited liability company duly organized and validly existing under the laws of the State of Colorado and authorized to transact business in the State of Colorado, and the execution and delivery by Seller of and Seller's performance under this Agreement are within Seller's powers and have been duly authorized by all requisite action.

(ii) This Agreement constitutes the valid and binding obligation of Seller, enforceable in accordance with its terms. There is no agreement to which Seller is a party or, to Seller's knowledge, binding on Seller which is in conflict with this Agreement, or which challenges or impairs Seller's ability to execute or perform its obligations under this Agreement. To the best knowledge of the Seller, there is not now pending (unless such action has been filed in court but never served on the Seller) or, to the best of Seller's knowledge, threatened, any action, suit or proceeding before any court or governmental agency or body against the Seller, or affecting the Premises that would prevent Seller from performing its obligations hereunder or against or with respect to the Premises including without limitation, condemnation or similar actions or relating to Environmental Claims (as defined in Paragraph 37).

(iii) To the best of Seller's knowledge, Seller has not received notice from any governmental authority regarding property tax increases or special assessments involving the Premises not reflected in the most recent tax notice for the Premises.

(iv) Except as set forth on the Rent Roll attached hereto as EXHIBIT M (the "RENT ROLL") or as allowed under Paragraph 8.2 below; (a) there are no Leases or other agreements for occupancy in effect with respect to the Premises, (b) there are no persons in possession or occupancy of the Premises, or any part thereof, nor are there any persons who have possessory rights with respect to the Premises or any part thereof; (c) no rent under such Leases has been overpaid or prepaid in excess of one (1) month; (d) there are no rent arrearages or delinquencies or uncured material defaults on the part of any party to any of such Leases except as allowed under Paragraph 4(c)(vii); (e) there are no security deposits, tax deposits or operating expense deposits under such Leases; (f) there are no current tenant improvement performance obligations or tenant credits due with respect to any such Leases except as set forth in the Leases and other due diligence documentation to be delivered hereunder; (g) to the best of Seller's knowledge, no uncured default by Seller exists on its obligations as the landlord under the Leases; and (h) the Rent Roll is true, correct and complete.

(v) The Leases have not been modified, except as is disclosed in the Rent Roll or in the Lease files which have been made available to Purchaser under Paragraph 4(a)(2), or as allowed under Paragraph 8.2.

(vi) Except as otherwise disclosed on the Rent Roll, the Seller does not have any actual knowledge of a default by any tenant or the existence of an act or omission by any tenant which, with the passage of time or the giving of notice or both, would constitute a default by such tenant; provided that this representation shall be enforceable only by the parties to this Agreement and shall not be deemed to be enforceable by any tenant of the Premises.

(vii) Seller has not assigned its interest in any of the Leases to any third parties, and the copies of the Leases provided to the Purchaser as part of the Disclosure Documentation are complete and accurate in all material respects.

(viii) There are no currently effective service contracts, maintenance agreements, or other agreements

with respect to the Premises except as set forth in EXHIBIT C or as allowed under paragraph 8 below.

(ix) All notices and documents in Seller's possession with respect to the physical and environmental condition of the Premises, and all documents in Seller's possession with respect to violation by the Premises of zoning and building laws will be made available to Purchaser as part of Seller's Disclosure Documentation.

(x) Except as set forth in EXHIBIT L, or as provided in

Paragraph 8.2, or as shown in the Lease files made available to the Purchaser, there are no leasing commissions due, nor will any become due, as a result of any agreement entered into by Seller in connection with any Lease or any renewal or extension or expansion of any Lease, and no written agreement with any party exists with Seller as to the payment of any leasing commissions or fees regarding future leases or as to the procuring of tenants.

(xi) Seller has not received any notice of and has no actual knowledge (with no duty to investigate) of violations or alleged violations of any laws, rules, regulations or codes, including without limitation zoning and building codes, with respect to the Premises which have not been corrected to the satisfaction of the issuer of the notice. Seller has no actual knowledge, without a duty to investigate, of any violation of Environmental Laws related to the Premises or the presence or release of Hazardous Materials on or from the Premises of any federal or state liens as referenced under CERCLA and any other applicable environmental laws that have attached to the Premises, except as disclosed in the Seller's Disclosure Documentation. (a) Seller has not conducted or authorized the generation, transportation, storage, treatment or disposal at or from the Premises of any Hazardous Materials in violation of any applicable Environmental Laws (as such terms are defined in Paragraph 37); (b) to the best of Seller's knowledge, no portion of the Premises lies within an area which constitutes a "wetland" or protected area subject to the jurisdiction of the United States Army Corps of Engineers or any federal, state or local administrative agency; and (c) to the best of Seller's knowledge, no underground storage tanks are located on the Premises; provided that Seller affirmatively states that there is an underground wastewater sump.

(xii) The Premises is an independent unit which does not now rely on any facilities (other than facilities covered by easements appurtenant to the Premises or facilities of municipalities or public utilities) located on any property that is not part of the Premises to fulfill any municipal or other governmental requirement, or for the furnishing to the Premises of any essential building systems or utilities. No other building or other property that is not part of the Premises relies upon any part of the Premises to fulfill any municipal or other governmental requirement, or to provide any essential building systems or utilities.

(xiii) Other than this Agreement, the documents delivered at Closing pursuant hereto, the Permitted Exceptions, and the Leases, Service Contracts, commission agreements and Lease agreements made available to Purchaser, there are no contracts or agreements to which Seller or its agent is a party, which would be binding on the Premises or the Purchaser after Closing regarding the Premises.

(xiv) Seller has fee simple title to the Owned Land, and good and marketable title to the Cissell Leasehold. Seller has no knowledge of any person or entity with any right of first refusal, option or similar rights to acquire any interest in the Owned Land, the Cissell Leasehold or any part thereof, and Seller has not granted such a right to any party.

(xv) To the best of Seller's knowledge (with no duty to investigate) (a) the obligations of Seller or the Premises with regard to all applicable covenants, easements, and restrictions against the Premises have been and are being performed in a proper and timely manner; (b) Seller is not currently in default under judicial order, judgment or decree relating to the Premises; and (c) no conditions or circumstances exist which, with the giving of notice or passage of time, or both, would constitute a default or breach with respect to any of the foregoing in (a) or (b) above.

(xvi) The Owned Land is taxed under its own separate tax identification number(s) and no other land is taxed under such number(s).

(xvii) Seller states that there is a confusion or dispute between the Seller and the tenant under the RCI Lease involving a strip of land along the north side of the real property covered by the Cissell Lease and such confusion or dispute relates to whether the RCI Lease covers the land on which some of the covered drive-up windows for the bank building are located.

In the event that, prior to the Closing of this transaction, Seller obtains actual knowledge of any fact or circumstance which would make any of the foregoing representations or warranties untrue, Seller shall disclose such information to Purchaser, and Purchaser's sole remedy for such breach shall be, by notice to Seller before the Closing, to terminate this Agreement, subject to the provisions of Paragraph 39 below, and obtain a refund of the Earnest Money, together with all interest thereon. In the event that, prior to Closing, Purchaser obtains actual knowledge of any fact or circumstance which would make any of the foregoing representations or warranties untrue, Seller's representation and warranty regarding such fact shall be deemed to be modified by such fact or circumstance and Purchaser may terminate this Agreement by notice to Seller before the Closing and obtain a refund of the Earnest Money or, if Purchaser elects not to terminate this Agreement pursuant to this paragraph, Purchaser shall be deemed to have accepted such representation and warranty as modified by such facts and circumstances.

(b) The representations and warranties of Seller set forth in this

Paragraph 6 hereof shall survive Closing only

for a period of twelve (12) months. No claim for a breach of any representation or warranty of Seller shall be actionable or payable (i) if the breach in question results from or is based on a condition, state of facts or other matter which was set forth in the Disclosure Documentation or was otherwise known to Purchaser prior to the end of the Due Diligence Period, and (ii) unless the valid claim for any single claimed breach equals Ten Thousand and 00/100 Dollars ($10,000.00) or more, or the valid claims of all such breaches collectively and in the aggregate equal more than Twenty-Five Thousand and 00/100 Dollars ($25,000.00) (in which event the full amount of such claims shall be actionable). No claim for a breach of any representation or warranty, except for those set forth in subparagraphs 6(a)(ii) and (iii), shall be actionable or payable unless written notice thereof containing a description of the specific nature of such breach shall have been given to Seller within twelve (12) months after the Closing Date and the lawsuit for such breach shall have been filed prior to the expiration of sixteen (16) months after Closing. No claim for a breach of a representation or warranty set forth in subparagraphs 6(a)(ii) and (iii) shall be actionable or payable unless written notice thereof containing a description of the specific nature of such breach shall have been given to Seller and the lawsuit for such breach shall have been filed prior to the expiration of twelve (12) months after Closing.

(c) For purposes of this Agreement, the term "ASSET MANAGERS" of Seller shall mean only Loren Snyder, Pauline Wooster and Carrie Parker, and the knowledge of Seller shall be limited to the actual knowledge (with no duty to investigate) of such Asset Managers.

(d) DISCLAIMER. EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY PROVIDED (i) IN THIS AGREEMENT, (ii) IN THE EXHIBITS ATTACHED HERETO, (iii) IN ANY DOCUMENT WHICH WAS (a) GENERATED BY SELLER OR BY INTEGRATED PROPERTY MANAGEMENT, INC., IN ITS ROLE AS PROPERTY MANAGER OF THE PREMISES FOR THE SELLER, DURING SELLER'S PERIOD OF OWNERSHIP (BUT NOT ANY INCLUDING DRAFT DOCUMENT AND NOT INCLUDING ANY DOCUMENT GENERATED BY ANY AGENT OF SELLER OR INTEGRATED PROPERTY MANAGEMENT, INC.), AND (b) PART OF THE DISCLOSURE DOCUMENTATION MADE AVAILABLE BY SELLER TO PURCHASER, (iv) IN ANY DOCUMENT EITHER GENERATED AND DELIVERED OR EXECUTED BY SELLER AT CLOSING, PURCHASER DOES HEREBY WAIVE AND SELLER DOES HEREBY DISCLAIM ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND OR TYPE WHATSOEVER WITH RESPECT TO THE PREMISES, WHETHER EXPRESSED OR IMPLIED, INCLUDING BY WAY OF DESCRIPTION BUT NOT LIMITATION, THOSE OF MARKETABILITY, MERCHANTABILITY OF TITLE, FITNESS FOR A PARTICULAR PURPOSE, TENANTABILITY, HABITABILITY, AND USE INCLUDING, WITHOUT LIMITATION, ANY AND ALL REPRESENTATIONS AND WARRANTIES RELATING TO THE PREMISES, THE QUALITY, VALUE, PHYSICAL ASPECTS OR CONDITION THEREOF, ANY DIMENSIONS OR SPECIFICATIONS OF THE PREMISES, THE FEASIBILITY, DESIRABILITY, CONVERTIBILITY OF THE PREMISES FOR OR INTO ANY PARTICULAR USE, THE CURRENT OR PROJECTED INCOME OR EXPENSES OF THE PREMISES, COMPLIANCE BY THE PREMISES WITH ANY APPLICABLE GOVERNMENTAL LAWS AND REGULATIONS INCLUDING, WITHOUT LIMITATION, BUILDING AND ZONING CODES, THE SOIL CONDITIONS OF THE PREMISES, WHETHER THE PREMISES IS SERVED BY SUFFICIENT UTILITIES INCLUDING, WITHOUT LIMITATION, WATER, SEWER, GAS, ELECTRIC AND TELEPHONE SERVICE, AND THE COMPLIANCE, IF ANY, BY THE PREMISES WITH ANY ENVIRONMENTAL REQUIREMENTS, AND ANY OTHER MATTER WITH RESPECT TO THE PREMISES. For purposes of this paragraph, the term "draft document" shall mean either (i), if there is a document of which there are several dated versions, only the document with the latest date shall be considered the final document and all earlier versions shall be deemed to be "draft documents", and (ii) if a document is one which provides for initials or signature, all such documents which do not bear all required initials and signature(s) shall be deemed draft documents. Seller agrees to cooperate reasonably with Purchaser during the Due Diligence Period in order to identify final documents.

7. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

(a) Purchaser represents and warrants to Seller that, as of the Effective Date and as of Closing:

(i) Purchaser is a Delaware Limited Partnership in good standing, and the execution and delivery by Purchaser of and Purchaser's performance under this Agreement are within Purchaser's powers and have been duly authorized by all requisite action. On or before the Closing, Purchaser shall qualify to do business in Colorado.

(ii) Purchaser has the full right, power and authority to purchase the Premises as provided in this Agreement and to carry out Purchaser's obligations hereunder, and all requisite action necessary to authorize Purchaser to enter into this Agreement and to carry out its obligations hereunder has been, or by the Closing, will have been, taken. The person(s) signing this Agreement on behalf of Purchaser is authorized to do so.

(iii) There is no action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending or threatened against Purchaser which, if adversely determined, could individually or in the aggregate

materially interfere with the consummation of the transaction contemplated by this Agreement.

The representations and warranties of Purchaser set forth in Paragraph 7 shall survive Closing for a period of one (1) year.

8. SELLER'S COVENANTS.

8.1 Between the Effective Date of this Agreement and the earlier of the Closing or any other termination of this Agreement, the Seller shall:

(a) Maintain the Premises in its present condition, ordinary wear and tear excepted;

(b) Maintain all casualty, liability and hazard insurance currently in force with respect to the Premises;

(c) Enter into Service Contracts with respect to the Premises, in the same manner done by Seller prior to the date hereof, maintaining present services and sufficient supplies and equipment for the operation and maintenance of the Premises in the same manner as prior to the date hereof; provided, however, that, after the Effective Date, Seller shall not enter into any new Service Contract that cannot be terminated without penalty on the earlier of thirty (30) days after notice, or the Closing Date;

(d) Use reasonable efforts (but without obligation to incur any cost or expense paid to tenants) to obtain and deliver to Purchaser the Clean Tenant Estoppel Certificates required prior to Closing required under Paragraph 3(e).

(e) Not remove any Personal or Intangible Property the title to which, under the terms of this Agreement, is to be conveyed to Purchaser by Seller at Closing, unless it is replaced with a comparable item of equal quality and quantity as existed at the time of such removal;

(f) Not enter into any contracts or letters of intent to sell the Premises;

(g) Use reasonable efforts to operate the Premises in a manner consistent with current practices and in compliance with all applicable laws, and perform its obligations under the Leases; and

(h) Not perform or permit any act which would prevent Seller's full performance of its obligations hereunder.

8.2 Between the Effective Date and the earlier of (i) the end of the Due Diligence Period or (ii) any other termination of this Agreement, Seller shall not enter into any new leases or lease renewals without Purchaser's written approval unless they are for a term of three (3) to five (5) years, with a minimum effective rental rate of $19.00 per rentable square foot per year (after taking into account any rent abatements or concessions granted under such Lease), a 1998 Base Year for Operating Expenses, a Tenant Improvement Allowance not to exceed $1.00 per rentable square foot per year, and being on the 400 South Colorado Boulevard Standard Form Agreement (collectively referred to as the "PRE-APPROVED LEASE STANDARDS"). Seller shall have no obligation to obtain Purchaser's consent for any new Lease which meets the Pre-Approved Lease Standards. Any changes to the 400 South Colorado Boulevard Standard Form Agreement must be approved in writing by Purchaser, which approval shall not be unreasonably withheld or delayed. Purchaser's consent shall be deemed to have been given if Purchaser fails to object to any proposed lease, lease amendment or standard lease form modifications within five (5) days after receiving written notice thereof from Seller. Once the Earnest Money has become non-refundable to Purchaser (except in the event of either a default by Seller or the failure of a condition precedent to Purchaser's obligations to close), Seller shall not enter into any new leases without Purchaser's written approval, which shall be in Purchaser's sole discretion. Within three (3) business days after Seller enters into any Lease which complies with the Pre-Approved Lease Standards, Seller shall provide a copy of same to Purchaser.

At Closing, Purchaser shall reimburse Seller for all New TI Obligations (as hereafter defined), other tenant inducement costs, leasing commissions (including the leasing fees and commissions of the Premises managing agent) and other expenses incurred by Seller pursuant to a new or renewal Lease properly entered into by Seller pursuant to this paragraph after March 6, 1998.

9. DELIVERY OF DUE DILIGENCE INVESTIGATION REPORTS. Purchaser hereby covenants with Seller that, on or before Closing, Purchaser shall furnish to Seller copies of all third party physical reports which have been prepared for Purchaser by third parties and which have been received by Purchaser or its agents in connection with any inspections of the Premises conducted by Purchaser prior to the Closing Date under this Agreement (including, specifically, without

limitation, any reports analyzing compliance of the Premises with the provisions of the Americans with Disabilities Act ("ADA"), 42 U.S.C. Section 12101, ET SEQ., if applicable). Purchaser hereby irrevocably waives any claim against Seller for any cleanup, recovery or similar costs arising from the presence of Hazardous Materials (as defined in Paragraph 37) on the Premises (i) which were discovered by or made known to Purchaser prior to or during the Due Diligence Period, or (ii) which were not caused by an event which took place during Seller's period of ownership of the Premises.

10. PRORATIONS. Before Closing, Seller shall provide to Purchaser such information and verification reasonably necessary to support the prorations and adjustments shown under Paragraph 10(b) and (c) below. The following adjustments to the Purchase Price paid hereunder shall be made between Seller and Purchaser and shall be prorated (as applicable) on a per diem basis as of the Closing Date, and the Closing Date shall be a date of income and expense to the Seller:

(a) TAXES. All real estate taxes for 1998 (due and payable in 1999), and the current installment of special assessments not yet due and payable shall be prorated as of the Closing Date on the basis of the most recent ascertainable taxes and assessments. Prior to or at Closing, Seller shall pay or have paid all real estate tax bills and special assessments which are due and payable prior to the Closing Date and shall furnish evidence of such payment to Purchaser and Title Company. Personal property taxes not yet due and payable relating to the Personal Property shall be prorated as of the Closing on the basis of the most recent ascertainable taxes and assessments. The taxes prorated under this paragraph shall be reprorated within thirty (30) days after Purchaser's receipt or Seller's submission of the final tax bill(s) for calendar year 1998.

(b) RENT. Tenant Base Rent and other income under the Leases (including any additional rent attributable to insurance, taxes, common area maintenance and other operating and building expenses which are passed through to tenants under the Leases - i.e. - (collectively, the "PASS-THROUGH EXPENSES") shall be apportioned as of the Closing Date to the extent such amounts have been collected by such date, and shall be set forth in the Closing Statements. Purchaser shall receive a credit for any Base Rent and other income (and any applicable state or local tax on rent) under Leases collected by Seller before Closing that applies to any period after Closing. If Seller collected estimated prepayments of Pass-Through Expenses in excess of any tenant's share of such expenses, then if the excess can be determined by the Closing, Purchaser shall receive a credit for the excess or, if the excess cannot be determined at Closing, Purchaser shall receive a credit based upon the parties' reasonable estimate, and such Closing adjustment shall be deemed to be final. In either event, Purchaser shall be responsible for crediting or repaying those amounts to the appropriate tenants at the time of final reconciliation of such amount. If Seller collected estimated prepayments of Pass-Through-Expenses that can be reasonably determined, as of the Closing, to be less than any tenant's share of such expenses, Seller shall receive a credit for the underbilled amounts or, if the underbillings cannot be determined at closing, Seller shall receive a credit based on the parties' reasonable estimate, and such Closing adjustment shall be deemed to be final. In such event, Purchaser shall be responsible for collecting any amounts due from the appropriate tenants at the time of final reconciliation of such amounts.

(c) UNCOLLECTED RENTS. Except as set forth in the preceding paragraph, Uncollected rent and other uncollected income shall not be prorated at Closing, but all rent that is due but unpaid for the period prior to and including the Closing Date shall be accounts receivable retained by Seller. After Closing, Purchaser shall apply all rent and income collected by Purchaser from a tenant, unless the tenant properly identifies the payment as being for a specific item other than rent, first to such tenant's rental obligations for the period after Closing and then to arrearages for periods prior to the Closing. Purchaser shall promptly remit such amounts, holding same in trust and promptly remitting to Seller, after deducting a prorated share of any reasonable collection costs actually paid by Purchaser to third parties, any rent properly allocable to Seller's period of ownership. Purchaser shall bill and attempt to collect such rent arrearages of tenants in possession in the ordinary course of business, but shall not be obligated to engage a collection agency or take legal action to collect any rent arrearages. After Closing, Seller shall not have the right to seek collection directly from any tenant in possession of any rents or other income allocable to any period before or including the Closing by judicial action nor shall it have any right to evict any such tenants, terminate their leases or disturb their possession. Any rent or other income received by Seller after Closing which is owed to Purchaser shall be held in trust, and remitted to Purchaser promptly after receipt.

(d) SERVICE CONTRACTS. If, prior to Closing, Seller has prepaid any amounts under any Service Contracts which are assumed by Purchaser which apply to the period after Closing, Seller shall receive a credit therefor at Closing but not for more than thirty (30) days' prepayment. Seller shall be responsible to pay all amounts due directly to the vendors under all Service Contracts for

the period prior to and including the date of Closing, and shall provide evidence thereof at Closing, and shall indemnify, save, hold harmless and defend Purchaser from any liability thereon, and this indemnification obligation shall survive Closing. Purchaser shall indemnify, save, hold harmless and defend Seller from any liability on any Service Contracts for any amounts or liabilities which first arise after Closing, and this indemnification obligation shall survive Closing.

(e) UTILITIES. The Seller shall cause the meters, if any, for utilities to be read on the day on which the Closing Date occurs, and to pay the bills rendered on the basis of such readings; provided that the Seller may make arrangements for payment thereof through the Title Agent at Closing. Purchaser shall cause the utilities to be placed in its name for the period starting on the day after Closing. Seller shall pay directly (or through the Title Agent) all final bills for utilities through the date of Closing and shall indemnify Purchaser therefrom. Purchaser shall indemnify Seller for any utility bills arising out of the period after Closing. If the Seller is unable to terminate utility service as of the date of Closing, then adjustment at Closing therefor shall be made on the basis of the most recently issued bills therefor which are based on meter readings no earlier than thirty (30) days before the Closing Date; and such adjustments shall be prorated when the next utility bills are received.

The purpose and intent of the provisions with respect to prorations set forth herein is that the Seller shall bear all expenses of ownership and operation of the Premises (including risks and losses due to Tenant payment delinquencies) and shall receive all income therefrom accruing through midnight of the day of Closing and Purchaser shall bear all such expenses and receive all such income accruing thereafter. Except for the provisions regarding taxes (and utility bills if service cannot be transferred to Purchaser's name on the day after Closing), all of the prorations described in this Paragraph 10 shall be deemed to be final and the provision of this paragraph shall survive the Closing or termination of this Agreement.

(f) LEASING COMMISSIONS. Seller shall pay the leasing commissions for any Leases that commence prior

to March 6, 1998 (excluding, however, contingent commissions for such Leases that will become due and payable after the Closing Date as a result of the exercise of an extension or expansion right subsequent to the Closing Date, for which Purchaser shall be responsible). Seller and Purchaser shall prorate any leasing commissions for Leases entered into (or renewed, expanded, or extended) after March 6, 1998 and prior to the Closing Date based on the portion of the term of such Lease prior to the Closing Date.

(g) TENANT IMPROVEMENTS AND ALLOWANCES. Tenant improvement expenses (including all hard and soft construction costs, whether payable to the contractor or the tenant), legal fees (not to exceed $2,500 per lease or lease renewal), tenant allowances, moving expenses and other out-of-pocket costs which are the obligation of the landlord under Leases shall be allocated between the parties according to whether such obligations arise in connection with (1) Leases in place as of (i.e. - entered into before) March 6, 1998 (collectively referred to as the "EXISTING TI OBLIGATIONS"), or (2) Leases or amendments entered into after March 6, 1998, pursuant to Paragraph 8, or renewals or expansion rights properly exercised after March 6, 1998 ("NEW TI OBLIGATIONS").

(i) EXISTING TI OBLIGATIONS. If, by Closing, Seller has not completed and paid in full Existing TI Obligations, then such unpaid costs shall be credited to Purchaser at Closing in the maximum amount of such costs, subject to refund by Purchaser if such amounts are not fully paid to or utilized by the applicable tenant. After Closing, Purchaser shall be responsible for completing and paying for such Existing TI Obligations.

(ii) NEW TI OBLIGATIONS. At Closing, Purchaser shall reimburse Seller for the Pre-Closing Share (as defined below) of all New TI Obligations paid for by Seller prior to Closing, and Purchaser shall receive a credit from Seller equal to the Pre-Closing Share of any New TI Obligations which, as of Closing, have not been paid for by Seller. The "PRE-CLOSING SHARE" of any New TI Obligations with respect to any Lease shall mean the total amount of the New TI Obligations for a Lease divided by the total number of months in the applicable Lease, and then multiplied by the number of months from the beginning of rent payments under such Lease until the date of Closing. At Closing, Purchaser shall assume the obligation to perform and pay for all unpaid and/or unperformed New TI Obligations.

(iii) CHANGE ORDERS. Seller shall not agree to any change orders or additions to tenant improvements or changes in the scope of work or specifications which increases the landlord's cost with respect to New TI Obligations without Purchaser's prior written approval, which approval shall not be unreasonably withheld or delayed.

(iv) EVIDENCE OF PAYMENT. At Closing, Seller shall provide evidence

of payment of Existing TI Obligations or evidence reasonably satisfactory to establish the escrow necessary for the payment of Existing TI Obligations after Closing, and shall provide evidence of any payments made or debts incurred by Seller prior to Closing for New TI Obligations. To the extent such coverage is available at no cost to Seller for providing such affidavit (beyond any actual indemnity claims under such affidavit), Seller shall provide the Title Company with a standard ALTA affidavit to enable the Title Company to insure against any claims against the Premises arising from work which has been performed prior to Closing on any Existing TI Obligations or New TI Obligations.

(h) TENANT DEPOSITS. All tenant security deposits, as set forth in the Leases (and interest thereon if required by law or contract to be earned thereon) shall be transferred or credited to Purchaser at Closing. As of the Closing, Purchaser shall assume Seller's obligations related to tenant security deposits, but only to the extent they are properly credited and transferred to Purchaser.

11. TRANSFER TAXES: TITLE CHARGES. Seller and Purchaser agree to execute any real estate transfer declarations required by the state, county, or municipal law in which the Owned Land is located. Purchaser shall pay the state documentary fee. Any other transfer tax, and any sales or use tax shall be paid equally by the parties. Purchaser shall pay the cost of recording the Deed; and Purchaser shall pay for all deletions, endorsements and modifications to the base Title Policy. If this transaction is terminated by Purchaser under a contract contingency (but not as a result of a Purchaser default) prior to the expiration of the Due Diligence Period, Seller shall pay all escrow costs billed by the Title Company. If the transaction is terminated by either party on account of default by the other, the defaulting party shall pay all escrow costs billed by the Title Agent. In the event this transaction shall close as provided in this Agreement, the Title Agent closing charges shall be divided equally between Seller and Purchaser, and Seller shall pay the premium for the owner's Title Policy (except for any endorsements in excess of the base Title Policy which shall be at Purchaser's expense), and the cost of the updates to the Existing Survey. Each party shall pay its own attorneys' fees except as otherwise provided in this Agreement.

12. RISK OF LOSS. Except as provided in any indemnity applicable to Purchaser's Due Diligence Period activities, Seller shall bear all risk of loss with respect to the Premises up to and including the Closing Date. Notwithstanding the foregoing, in the event of damage to the Premises by fire or other casualty on or prior to the Closing Date, repair of which would cost less than One Hundred Thousand and 00/100s Dollars ($100,000.00) (as determined by Seller in good faith based on at least two (2) independent contractor bids) and which will not result in the termination of any Lease, or the abatement of rent pursuant to any of the Leases, or the impairment of any building system that renders a substantial portion of the Premises unfit for occupancy or use for more than three (3) business days, Purchaser shall not have the right to terminate its obligations under this Agreement by reason thereof, and Seller

shall have the right to elect to either repair and restore the Premises before the Closing or, if its policies cover the loss and will pay for the repairs and restoration (with the Seller's deductible), to assign and transfer to Purchaser, with appropriate confirmation by Seller's insurer, on the Closing Date all of the Seller's right, title and interest in and to all insurance proceeds paid or payable to Seller on account of such fire or casualty, including, without limitation, the amount of the deductible with respect thereto. In either case as provided in the preceding sentence, this transaction shall proceed to Closing and there shall be no reduction in the Purchase Price by reason of such damage (except for the credit to the Purchaser for the amount of the Seller's deductible). Seller shall promptly notify Purchaser in writing of any such fire or other casualty, and Seller's determination of the cost to repair the damage caused thereby. In the event of damage to the Premises by fire or other casualty prior to the Closing Date, repair of which would cost in excess of One Hundred Thousand and 00/100 Dollars ($100,000.00) (as determined by Seller in good faith based on at least two (2) independent contractor bids) or will result in the termination of any Leases, or the abatement of rent pursuant to any of the Leases which is not fully covered by rent loss insurance then in place, or the impairment of any building system that renders a substantial portion of the Premises unfit for occupancy for more than three (3) business days, then this Agreement may be terminated at the option of Purchaser, which option shall be exercised, if at all, by Purchaser's written notice thereof to Seller within ten (10) business days after Purchaser receives written notice of such fire or other casualty and Seller's determination of the amount of such damages. Upon the exercise of such option by Purchaser, this Agreement shall become null and void, the Earnest Money shall be promptly returned to Purchaser and both parties shall be relieved from all further obligations hereunder, except as provided in Paragraph 39 below. If Purchaser does not timely elect to terminate this Agreement, then Seller shall assign and transfer to Purchaser on the Closing Date all of Seller's right, title and interest in and to all insurance proceeds paid or payable to Seller on account of such fire or casualty together with the amount of the deductible relating thereto, in which case this transaction shall

proceed to Closing and there shall be no reduction in the Purchase Price by reason of such damage (except for the credit to Purchaser for the amount of the deductible).

13. CONDEMNATION. In the event that, between March 6, 1998 and the Closing Date, any condemnation or eminent domain proceedings are threatened or initiated which might result in the taking of any part of the Premises or the taking, material impairment or closing of any right of access to the Premises, Seller shall immediately notify Purchaser in writing of any notice of an intent to take or the commencement or occurrence of any condemnation or eminent domain proceedings. If such proceedings would result in the taking of any of the Premises or the taking or closing of any right of access to any part of the Premises, Purchaser shall then notify Seller, within ten (10) business days of Purchaser's receipt of Seller's notice, whether Purchaser elects as its sole remedies:

(a) to terminate this Agreement by written notice to Seller in which case the Earnest Money shall be promptly returned to Purchaser and both parties shall be relieved from any further liability hereunder except as provided in Paragraph 39 below; or

(b) to proceed with the Closing, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any compensation or award made or to be made in connection with such condemnation or eminent domain proceedings, and this transaction shall proceed to Closing without any reduction in the Purchase Price.

Closing shall be delayed, if necessary, for up to ten (10) business days to allow Purchaser the full time allowed above to make such election. If Purchaser fails to timely notify Seller of its election of subparagraph (a) above, Purchaser shall be deemed to have elected to proceed under subparagraph (b) above.

14. DEFAULT.

14.1 DEFAULT BY PURCHASER. This is a liquidated damages contract. If this transaction is not consummated by reason of a default by Purchaser hereunder, then as Seller's sole and exclusive remedy in such event, Seller shall terminate this Agreement and retain the Earnest Money, all interest thereon, and all materials prepared by or on behalf of Purchaser with respect to the Premises, as liquidated damages and shall not be entitled to seek specific performance or other additional damages, and all further rights and obligations of the parties hereunder shall cease, except as provided in Paragraph 39 below. The parties agree that the amount of actual damages which Seller would suffer as a result of Purchaser's default would be extremely difficult to determine and have agreed, after specific negotiation, that the amount of the Earnest Money is a reasonable estimate of Seller's damages and is intended to constitute a fixed amount of liquidated damages in lieu of other remedies available to Seller and is not intended to constitute a penalty.

14.2 DEFAULT BY SELLER. If this transaction is not consummated by reason of a default by Seller hereunder, Purchaser may, in its sole discretion, elect any one of the following which shall be its sole remedies:

(a) If specific performance is possible, Purchaser may either (i) proceed with an action for specific performance, in which case the Earnest Money shall be retained by the Title Agent until the final determination by a court of competent jurisdiction that Purchaser is entitled to specific performance, in which case the Earnest Money shall be applied as provided in this Agreement, or, if the court determines that the Purchaser is not entitled to specific performance, this Agreement shall then terminate and the Earnest Money shall be returned to Purchaser less any court costs and attorneys' fees to which the court has determined the Seller is entitled, in which case all further rights and obligations of the parties hereunder shall cease, except as provided in Paragraph 39 below; or (ii) Purchaser shall be entitled to declare this Agreement terminated, in which event the Purchaser shall be entitled to a refund of the Earnest Money and all interest thereon, and all further rights and obligations of the parties hereunder shall cease, except as provided in Paragraph 39 below; or

(b) If specific performance is impossible (for any reason other than Seller having voluntarily transferred title to a third party who does not agree to be bound as a seller under this Agreement, Purchaser shall be entitled to (i) an action for damages for all third party costs and expenses incurred by Purchaser in connection with its investigation and potential purchase of the Owned Land, but in no event shall such amount exceed the lesser of (a) Purchaser's actual costs, and (b) a total of Twenty-Five Thousand and no/100 Dollars ($25,000.00), and (ii) a refund of the Earnest Money and all interest thereon, and all further rights and obligations of the parties hereunder shall cease, except as provided in Paragraph 39 below; or

(c) If specific performance is impossible because Seller has

voluntarily transferred title to a third party who does not agree to be bound as the seller under this Agreement, then Purchaser shall be entitled to an action for damages without limit as to amount except as provided by law.

15. NOTICE. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following addresses:

IF TO SELLER:

JAD Properties, LLC
c/o Integrated Property Management, Inc.
455 Sherman Street, Suite 140
Denver, Colorado 80203
Attn: Loren Snyder
Fax #: (303) 733-6272
Phone #: (303) 691-8665

With a copy to:

Huntington C. Brown, Esq.
Huntington C. Brown & Associates
303 East Seventeenth Avenue, Suite 400
Denver, Colorado 80203
Fax #: (303) 830-0804
Phone #: (303) 830-0808

IF TO PURCHASER

Mack-Cali Realty L.P.
5975 South Quebec Street, Suite 100
Englewood, CO 80111
Attn: Chester Latcham
Fax #: (303) 721-1122
Phone #: (303) 721-7600

With a copy to:

Mack-Cali Realty L.P.
11 Commerce Drive
Cranford, NJ 07016
Attn: Daniel Wagner, Esq.
Fax #: (908) 272-6755
Phone #: (908) 272-8000

Any such notices shall be either (a) sent by certified U.S. mail, return receipt requested, postage prepaid, in which case notice shall be deemed delivered on the first day that delivery was attempted as shown on the return receipt; (b) sent (in time for next business day delivery) by a nationally recognized overnight courier, in which case it shall be deemed delivered one business day after deposit with such courier; (c) personally delivered in which case notice shall be deemed delivered on the same day such notice is so delivered; or (d) sent by telefax in which case such notice shall be deemed delivered at the time and on the date of the sending party's confirmation of transmission of such telefax; provided that, under any of the foregoing methods of delivery, if the time of delivery is after 6:00 p.m. local time at the location of the addressee of the notice, delivery shall be deemed given on the next business day. The above addresses and telefax numbers may be changed by written notice to the other party; provided, however, that no notice of a change of address or telefax numbers shall be effective until delivery of such notice. Courtesy copies of notices are for informational purposes only, and a failure to give such copies of any notice shall not be deemed a failure to give notice.

16. TIME OF ESSENCE. Time is of the essence in this Agreement.

17. GOVERNING LAW. The validity, meaning and effect of this Agreement shall be determined in accordance

with the laws of the State of Colorado.

18. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile or photocopied signature shall have the same legal effect as an original signature.

19. CAPTIONS. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof. Any use of the term "including" shall be construed to mean "including, without limitation".

20. ASSIGNABILITY. Neither party may assign its rights under this Agreement without the prior written consent of the other, which consent may be

given or withheld in the non-assigning party's discretion, except that either party shall have the right without the other's consent to assign this Agreement to a "Permitted Assignee." For purposes of this Paragraph 20, the term "PERMITTED ASSIGNEE" shall mean any corporation, partnership, limited partnership, limited liability company, venture or similar entity controlled by, or under common control with, the assigning party; provided that (i) no assignment shall be effective unless the assigning party gives the other party immediate written notice thereof, (ii) no assignment shall relieve the assigning party from any liabilities arising from the acts or omissions of such party prior to such assignment during the Due Diligence Period, provided however an assignment by Purchaser cannot occur until the Earnest Money has become non-refundable pursuant to the provisions of this Agreement, (iii) all representations and obligations of the non-assigning party shall thereafter be owed only to the applicable assignee, and (iv) any assignment by Seller before the Closing to a Permitted Assignee must be in connection with the conveyance of the Premises by the Seller to the Permitted Assignee.

21. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and Permitted Assignees.

22. MODIFICATIONS; WAIVER. No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

23. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded hereby.

24. PARTIAL INVALIDITY. Any provision of this Agreement which is unenforceable or invalid or the inclusion of which would impair the validity, legality or enforcement of this Agreement shall be of no effect, but all the remaining provisions of this Agreement shall remain in full force and effect.

25. SURVIVAL. In addition to the obligations of the parties under the limited survival provisions of Paragraphs 6 and 7 of this Agreement, the obligations of the parties in Paragraphs 3(c), 4(a)(1), 10, and Paragraphs 15 through 44 shall survive the Closing.

26. NO PERSONAL LIABILITY OF MEMBERS OR MANAGERS OF PARTIES. Each party acknowledges that this Agreement is entered into by limited liability companies, and each party agrees that no individual member or manager or representative of the other party shall have any personal liability under this Agreement or any document executed in connection with the transactions contemplated by this Agreement.

27. NO THIRD PARTY RIGHTS. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

28. BROKER. Seller and Purchaser represent each to the other that each has had no dealings with any broker, finder or other party concerning Purchaser's purchase of the Premises, except for Cushman Realty Corporation (Neil Mulholland) ("BROKER"). At Closing, and only in the event of Closing, the Seller shall pay to Broker a commission pursuant to a separate agreement. Seller and Purchaser each hereby agree to indemnify and hold the other harmless from all loss, cost, damage or expense (including reasonable attorneys' fees) incurred by the other as a result of any claim arising out of the acts of the indemnifying party (or others on its behalf) for a commission, finder's fee or similar compensation made by any broker, finder or any party who claims to have dealt with such party, except as otherwise provided in this Paragraph 28. The representations and warranties contained in this Paragraph 28 shall survive the Closing.

29. EFFECTIVE DATE. For purposes of calculation of all time periods within which Seller or Purchaser must act or respond as herein described, all phrases such as "the date of this Agreement," "the date of execution of this Agreement" or any other like phrase referring to the date of the Agreement, shall mean and refer to the Effective Date of this Agreement, which shall be the date on which Seller delivers a fully executed copy of this Agreement to the Title Agent.

30. NON-BUSINESS DAYS. If the Closing Date or any other date set forth in this Agreement is to occur on a holiday or other non-business day or if any period of time set forth in this Agreement expires on a holiday or non-

business day, then such closing or expiration date shall be the next business day thereafter. As used in this paragraph, the term "HOLIDAY" shall mean any day which is a recognized holiday by a statute or order of the United States or

the State of Colorado. As used in this paragraph, the term "NON-BUSINESS DAY" shall mean Saturday and Sunday.

31. JURISDICTION. The parties hereto consent to exclusive venue and jurisdiction in the district court in and for the City and County of Denver or the United States District Court for the District of Colorado in any action commenced relating to this Agreement or the transactions contemplated hereby. The parties agree that all issues regarding this Agreement, including, without limitation, issues of formation and performance, shall be governed by Colorado law.

32. RECORDATION. The parties acknowledge and agree that, except for such notice as may be permitted by applicable law in connection with an action for specific performance, neither this Agreement nor any memorandum hereof shall be recorded in the office of any Clerk and Recorder of any county in Colorado and in the event of any recordation of this Agreement by Purchaser, this Agreement shall, at Seller's sole option, be rendered null and void and of no further force and effect whatsoever, except as provided in Paragraph 39 below.

33. ATTORNEYS' FEES. In the event of any controversy, claim or dispute between the parties affecting or relating to the subject matter or performance of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all of its reasonable attorneys' fees and costs incurred in such action.

34. DISCLOSURE - SPECIAL TAXING DISTRICTS - GENERAL OBLIGATION INDEBTEDNESS.

SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND EXCESSIVE TAX BURDENS TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASER SHOULD INVESTIGATE THE DEBT FINANCING REQUIREMENTS OF THE AUTHORIZED GENERAL OBLIGATION INDEBTEDNESS OF SUCH DISTRICTS, EXISTING MILL LEVIES OF SUCH DISTRICT SERVICING SUCH INDEBTEDNESS AND THE POTENTIAL FOR AN INCREASE IN SUCH MILL LEVIES.

35. DISCLOSURE OF ENVIRONMENTAL REPORT. Seller received an Environmental Due-Diligence Assessment of the Premises (as it existed at the time of such report) at the time of its purchase thereof. A copy of such report will be provided to Purchaser as part of the Disclosure Documentation. Purchaser acknowledges that Seller makes no warranties or representations regarding the adequacy, accuracy or completeness of the Report, and Purchaser shall have no claim against Seller based upon the Report or any omissions thereon. Purchaser further acknowledges that, pursuant to Paragraph 4 of this Agreement, it has full opportunity to perform such environmental investigations as Purchaser deems appropriate within the period of time set forth in said Paragraph 4 and Purchaser agrees that if it undertakes any such investigations, it shall provide Seller with copies of all reports and other information obtained by Purchaser regarding the results thereof.

36. TERMINATION OF SERVICE CONTRACTS. During the Due Diligence Period, Purchaser shall advise Seller, in writing, which of the Service Contracts it intends to assume and which Purchaser requests that Seller terminate on or before the Closing Date, and Seller shall advise whether any of the Service Contracts (which Purchaser has requested Seller to terminate) cannot be terminated or can be terminated only with the payment of a fee or penalty which Seller is unwilling to pay. If Purchaser elects not to terminate this Agreement pursuant to Paragraph 4, Purchaser shall be deemed to have agreed to pay any such fee or penalty if Purchaser thereafter elects to terminate such Service Contract(s), and, at Closing, Purchaser shall assume all Service Contracts which are not to be terminated pursuant to this paragraph. Seller shall terminate any Service Contracts on or before the Closing Date (i) which can be terminated on or prior to Closing or with the payment of a fee or penalty which Seller is willing to pay, and (ii) which Purchaser has requested Seller to terminate; provided that Seller shall terminate at Closing at its expense the existing property management and leasing agreements for the Premises.

Seller shall defend, indemnify and hold Purchaser harmless from any claims or damages arising from terminated Service Contracts unless, pursuant to the terms of the Service Contract in question, such Service Contract may not be terminated or unless, and to the extent, Purchaser is obligated to pay a termination fee or penalty in connection with the termination of a Service Contract as set forth above. Each party shall indemnify, defend and hold the other harmless from any liabilities arising out of or in connection with any act or omission by such party or its agents related to the Service Contracts during its period of ownership of the Premises.

37. ENVIRONMENTAL PROVISION.

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

"ENVIRONMENTAL CLAIMS" means any third party (including private parties, governmental agencies, or employees) action, lawsuit, notice of violation, claim or proceeding relating to the Premises which seeks to impose liability, penalties, damages or losses, as well as any direct costs incurred by the current owner of the Premises not resulting from any third party action, including but not limited to remedial, removal, response, abatement, clean-up, and monitoring costs, for (i) any contamination of the air, surface water, ground water or land; (ii) any solid, gaseous or

liquid solid or hazardous waste generation, handling, treatment, storage, transportation or disposal; (iii) any exposure to any air emissions, discharges, releases or threatened releases of pollutants, contaminants, "Hazardous Materials" (as hereinafter defined) or toxic substances; or (iv) non-compliance with any requirements of "Environmental Laws" (as hereinafter defined). For purposes of this Agreement, the above terms within the meaning of "Environmental Claims" shall have the meanings ascribed to them in any applicable federal, state or local Environmental Laws.

"ENVIRONMENTAL LAWS" mean each and every requirement of applicable federal, state and local environmental laws, including but not limited to, the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq.; the federal Clean Air Act, 42 U.S.C. 7401 et seq.; the federal Clean Water Act, 33 U.S.C. 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. 2601 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et seq.; and all regulations promulgated thereunder as well as any applicable federal, state and local laws, ordinances, regulations, and common laws relating to the industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any oil, petroleum products, petroleum-based derivatives, flammable explosives, asbestos, urea formaldehyde, polychlorinated biphenyls, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including without limitation any "regulated substances," "hazardous substances," "hazardous waste," "hazardous materials" or "toxic substances" as defined under any such laws, ordinances or regulations (collectively, "HAZARDOUS MATERIALS").

B. Seller agrees and covenants that it shall retain liability for, and Seller shall indemnify and hold Purchaser, its partners, managers, members, stockholders, officers, and directors of Purchaser and its direct and indirect investor partners harmless from any claims, causes of action, suits, proceedings, fines, penalties, losses, damages, and costs (collectively, a "LOSS") resulting from any Environmental Claims arising (i) as a result of violations of any applicable Environmental Laws which result from any acts which occurred during the period of the Seller's ownership of the Owned Land or Cissell Leasehold; or (ii) from any Environmental Claims which result from any acts which occurred during the period of the Seller's ownership of the Owned Land or Cissell Cissell Leasehold; provided that the term "acts" as used in this sentence shall not be deemed to include (i) any failure by Seller to clean, remove, contain or otherwise remediate any condition which existed as a result of actions which occurred prior to the Seller's period of ownership of the Premises, and (ii) any occurrences or any environmental conditions of which Purchaser had notice prior to the end of the Due Diligence Period. Any provisions of this Agreement to the contrary notwithstanding, Seller shall have no liability for any loss, damage, or abatement arising out of or in connection with any asbestos located on the Premises except to the extent that (i) any such loss or claim arises out of the Seller's acts or omissions during Seller's period of ownership of the Owned Land or Cissell Leasehold, and (ii) the claim by a third party therefor has accrued prior to or is pending as of Closing.

C. Except to the extent of Seller's retained liability under subparagraph B of this Paragraph 37, Purchaser agrees and covenants that Purchaser shall have liability for any Loss resulting from any Environmental Claims if the event giving rise to such Environmental Claim occurred after the Closing Date during Purchaser's period of ownership or is otherwise caused by Purchaser. Purchaser agrees and covenants to indemnify Seller and its respective officers, directors, principals, managers, members, agents, employees and stockholders for any and all Environmental Claims for which Purchaser has liability under the preceding sentence. Notwithstanding any contrary provision set forth herein, Purchaser shall have no obligation to indemnify or hold harmless Seller or its agents or employees with respect to any existing environmental condition which is discovered by Purchaser during its performance of its inspection during the Due Diligence Period.

38. 1031 EXCHANGE. Seller hereby notifies Purchaser that Seller may consummate this transaction under the tax-deferred exchange provisions of the Internal Revenue Code and applicable regulations. Purchaser hereby consents to such a Closing and hereby agrees, at no out-of-pocket cost to Purchaser, to cooperate with Seller and hereby consents that Seller shall have the right, without any further written consent or signature by Purchaser, to (i) assign all of Seller's right, title and interest under this Agreement to a qualified intermediary (as defined in such regulations), and (ii) to enter into any other Closing Documents in order to effect such a tax-deferred exchange provision;

provided that no such assignment by Seller shall relieve Seller of any of its liabilities for any of the representations or warranties hereunder and no such assignment shall impose on any qualified intermediary any liabilities for any of the Seller's obligations which survive Closing hereunder. The Closing shall not be delayed by reason of the exchange, nor shall the consummation or accomplishment of the exchange be a condition precedent or condition subsequent to Seller's obligations under this Agreement. Seller shall effect the exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary. Purchaser shall not by this agreement or acquiescence to the exchange have its rights under this Agreement affected or diminished in any manner, or be responsible for compliance with or be deemed to have warranted to Seller that the exchange in fact complies with Section 1031 of the Code. Purchaser may also effect an exchange subject to the same conditions.

39. PURCHASER'S OBLIGATIONS AFTER TERMINATION. If the Closing of this transaction does not take place as a result of any termination by Purchaser pursuant to any of its contingency rights set forth in this Agreement, or as a result of any default by Purchaser or as a result of any default by Seller for which Purchaser does not obtain specific performance: (i) such termination shall not relieve Purchaser from any of the indemnity and non-disclosure provisions of Paragraphs 4(a)(1),4(b) and 28 of this Agreement; (ii) Purchaser shall deliver to Seller all originals and all copies of all of the Disclosure Documentation which are in Purchaser's possession and which were made available or delivered by Seller; (iii), unless the cause for the termination is a Seller default, Purchaser shall promptly deliver to Seller a copy of all engineering and similar reports prepared by third parties for Purchaser in connection with its physical inspection

of the Parcels; and (iv), if the cause for the termination is a Purchaser default, Purchaser shall repay Seller for the cost of the R & R Engineers-Surveyors, Inc. Survey described in Paragraph 4(a)(2)(ii) above. In the event of any conflict between the provisions of this paragraph and any other parts of this Agreement, the provisions of this paragraph shall control.

40. CONFIDENTIALITY. Before Closing, Seller shall make no public announcement or disclosure of any information related to this Agreement to outside brokers or third parties except to real estate appraisers and as required to complete any of Seller's obligations hereunder without the prior written specific consent of Purchaser, which consent Purchaser shall not unreasonably withhold or delay, except for such disclosures to Seller's lenders, creditors, officers, employees and agents as necessary to perform Seller's obligations hereunder. After Closing, neither party hereto shall issue (at such party's initiation) any written press announcement in any publication disclosing this sale without the prior written specific consent of the other party, which consent the other party shall not unreasonably withhold or delay.

41. INFORMATION AND AUDIT COOPERATION. At Purchaser's request, at any time before or after the Closing, so long as there is no cost or increased liability to the Seller therefor, Seller shall provide to Purchaser's designated agents reasonable access to any books and records of the Premises in Seller's possession of which copies or originals have not previously been delivered or produced to Purchaser, and shall make reasonably available to such designated agents any related information, not already in Purchaser's possession, regarding the period for which Purchaser is required to have the Premises audited under tax or other applicable laws, and Seller shall provide to such agents a representation letter regarding such books and records of the Premises in connection with the normal course of auditing the Premises in accordance with generally accepted auditing standards.

42. FURTHER ASSURANCES. So long as there is no further cost or increased liability to the performing party, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by either party at Closing, each party agrees to perform, execute and deliver, on or after the Closing any further actions, documents, and will obtain such consents, as may be reasonably necessary or as may be reasonably requested to fully effectuate the purposes, terms and conditions of this Agreement or to further perfect the conveyance, transfer and assignment of the Premises to Purchaser.

43. HEADINGS. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

44. INDEMNIFICATIONS. Except as to obligations assumed by Purchaser under this Agreement or the closing documents executed pursuant hereto, Seller shall indemnify and hold Purchaser, its successors, assigns and agents, harmless from and against all losses, claims, damages, liabilities, expenses (including without limitation attorneys' fees and costs), fees, actions or rights of action incurred by Purchaser as a result of or arising, directly or indirectly, from (i) any claim by an employee, if any, employed by Seller in the operation of the Premises whose employment was not continued after Closing by Purchaser or whose claim arose prior to the Closing Date; (ii) any claim by any tenant of the

Premises in connection with any Lease attributed to periods prior to Closing; and (iii) any claim by any person arising from or attributable to any action which occurred prior to the Closing.

Except as to obligations assumed by Seller under this Agreement or the Closing Documents executed pursuant hereto, Purchaser shall indemnify and hold Seller, its successors, assigns and agents, harmless from and against all losses, claims, damages, liabilities, expenses (including without limitation attorneys' fees and costs), fees, actions or rights of action incurred by Seller as a result of or arising, directly or indirectly, from (i) any claim by an employee, if any, employed by Purchaser in the operation of the Premises or whose claim arose after the Closing Date; (ii) any claim by any tenant of the Premises in connection with any Lease attributed to periods after Closing; and (iii) any claim by any person arising from or attributable to any action which occurred after the Closing.

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

SELLER:

JAD PROPERTIES, LLC,
A COLORADO LIMITED LIABILITY COMPANY

Name: _____

By: _____

Title: Manager

Date: _____

PURCHASER:

MACK-CALI REALTY L.P.,

A DELAWARE LIMITED PARTNERSHIP

Name: _____

By: _____

Title: _____

Date: _____

EXHIBIT A

LEGAL DESCRIPTION FOR
400 SOUTH COLORADO BOULEVARD

EXHIBIT B

PERMITTED EXCEPTIONS

1) Taxes and assessments for the year 1998 and subsequent years, not yet due and payable.

2) All matters of record deemed approved by Purchaser pursuant to the Purchase Agreement.

3) All Leases and tenancies shown on the Rent Roll and deemed approved by Purchaser in accordance with the Purchase Agreement.

EXHIBIT C

BUILDING SERVICE AGREEMENTS

Delivered with Disclosure Documents

EXHIBIT D

PERSONAL PROPERTY

Inventory was delivered as part of Disclosure Documentation.

EXHIBIT E

ESCROW INSTRUCTIONS

To be finalized between Seller, Purchaser and the Title Agent during the Due Diligence Period.

EXHIBIT F

SPECIAL WARRANTY DEED

JAD PROPERTIES, LLC, A COLORADO LIMITED LIABILITY COMPANY ("GRANTOR") whose address is 455 Sherman Street, Suite 140, City and County of Denver, State of Colorado 80203, for the consideration of Ten and no/100 Dollars ($10.00) in hand paid hereby sells and conveys to MACK-CALI REALTY L.P., A DELAWARE LIMITED PARTNERSHIP, whose address is , County of , State of Colorado , the following real property in the City of Glendale, County of Arapahoe, to wit:

(a) the real property described on EXHIBIT A attached hereto, with all its appurtenances;

(b) all existing improvements and fixtures located on the Real Property described in Exhibit A and on the real property which is the subject of a certain lease dated September 21, 1977 by and between Vincent J. Cissell and

Shaaron K. Cissell as lessors and George Irvin Chevrolet Co., a Colorado corporation, as lessee, as amended, but not including the improvements and fixtures located on the Real Property which is demised by the Ground Lease Agreement dated January 24, 1992 by and between the Abacus Group Realty Holding Co. II, a Delaware corporation, and RCI West, Inc., a Colorado corporation, as amended;

and Grantor warrants the title to same against all persons claiming under Grantor, subject to those items set forth on EXHIBIT B attached hereto.

IN WITNESS WHEREOF, the Grantor has hereunder set its hand as of the day of , 1998.

JAD PROPERTIES, LLC,
A COLORADO LIMITED LIABILITY COMPANY

Name: _____

By: _____

Title: Manager

Date: _____

STATE OF COLORADO)
) SS.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this . . . . . day of , 1998, by as a Manager of JAD Properties, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: .

_____
Notary Public in and for the State of Colorado, County of Denver

(SEAL)

EXHIBIT G

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That JAD PROPERTIES, LLC, A COLORADO LIMITED LIABILITY COMPANY ("GRANTOR"), for and in consideration of the sum of Ten Dollars ($10.00) lawful money of the United States of America, and other good and valuable consideration to it in hand paid by MACK-CALI REALTY L.P., A DELAWARE LIMITED PARTNERSHIP ("GRANTEE"), the receipt thereof is hereby acknowledged, does by these presents, remise, release, sell, assign, transfer, convey and quitclaim unto the Grantee, its successors and assigns, all right, title and interest which the Grantor has in and to all electrical fixtures, systems and equipment, plumbing fixtures, systems and equipment, heating fixtures, systems and equipment, air conditioning fixtures, systems and equipment, and other improvements, machinery, equipment, fixtures, appliances, furniture, furnishings, supplies and items of personal property owned by the Grantor and used in connection with the operation and maintenance of and located on that certain parcel of real property more particularly described on EXHIBIT A attached hereto and incorporated herein by this reference, commonly known as 400 South Colorado Boulevard, Glendale, Colorado (the "REAL PROPERTY"), including, without limitation, those items listed on EXHIBIT B attached hereto (the "PERSONAL PROPERTY"), but excepting therefrom any furniture, furnishings, fixtures, business equipment or articles of personal property belonging to tenants occupying any portion of the Premises or belonging to the landlords under the Cissell Lease, and ALL SUBJECT TO the matters set forth on EXHIBIT C attached hereto (the "PERMITTED EXCEPTIONS").

TO HAVE AND TO HOLD the same to said Grantee, its successors and assigns forever. The Personal Property is conveyed to Grantee "as is", "where is" without warranty of quality, condition, merchantability, or fitness, or any other warranty, or representation of any kind whatsoever, express or implied; provided that the Grantor, for itself, its successors and assigns, does covenant and agree that it shall and will WARRANT AND FOREVER DEFEND the Personal Property in the quiet and peaceable possession of Grantee, its successors and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under the Grantor, except for the Permitted Exceptions.

IN WITNESS WHEREOF, the Grantor has hereunder set its hand as of the day of , 1998.

JAD PROPERTIES, LLC,
A COLORADO LIMITED LIABILITY COMPANY

Name: _____

By: _____

Title: Manager

Date: _____

EXHIBIT H

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (this "ASSIGNMENT") is made by and between _____("ASSIGNOR"), and _____ ("ASSIGNEE").

RECITALS

A. Pursuant to a certain Real Estate Purchase and Sale Agreement dated March , 1998 (the "REAL ESTATE PURCHASE AND SALE AGREEMENT"), concurrently with the execution and delivery of this Assignment, Assignor is conveying to Assignee by Special Warranty Deed (the "DEED") that certain tract of land (the "OWNED LAND") more specifically described in EXHIBIT A attached hereto and made a part hereof for all purposes, together with the improvements located thereon (the "IMPROVEMENTS") and certain personal property owned by Assignor upon the Owned Land within the Improvements (the "PERSONAL PROPERTY").

B. Assignor desires to assign, transfer and convey to Assignee, and Assignee desires to obtain, all of Assignor's right, title and interest in and to the Contracts (as hereinafter defined), subject to the terms and conditions set forth herein.

NOW THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration to Assignor in hand paid by Assignee, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby SELL, ASSIGN, CONVEY, TRANSFER, SET-OVER and DELIVER unto Assignee all of Assignor's right, title and interest in and to the following (collectively the "CONTRACTS"):

(a) all leases, licenses and other written agreements pursuant to which any portion of the Owned Land or Improvements is used or occupied by anyone other than Assignor including all security deposits and non-cash security provided with respect to such Leases (collectively, the "LEASES"), such Leases being more particularly described in EXHIBIT B attached hereto and made a part hereof; provided, however, that Assignor reserves and retains for itself all accounts receivable accruing to Assignor with respect to the Leases prior to the effective date hereof; and

(b) all contracts and agreements relating to the upkeep, repair, maintenance or operation of the Owned Land, Improvements or Personal Property (collectively, the "SERVICE AGREEMENTS"), such Service Agreements being more particularly described on EXHIBIT C; and

(c) all Intangible Property owned by Assignor and used in connection with the Owned Land, Improvements and Personal Property, including, without limitation, the name "400 SOUTH COLORADO BOULEVARD" and any and all other trademarks and trade names, logos and trade colors used in connection with any part of the Owned Land and Improvements, and all plans, specifications, and studies, if any, in the possession of Assignor in connection with the Improvements, all rights, interests, claims, minerals and mineral rights, water

and water rights, if any, hereditaments, privileges, tenements and appurtenances belonging to the Owned Land, all right, title and interest of Assignor in and to all open or proposed highways, streets, roads, avenues, alleys, curb cuts, sidewalks, sewers, utilities, easements, strips, gores and rights-of-way in, on, across, in front of, contiguous to, abutting or adjoining the Owned Land, all licenses, certificates of occupancy, permits and warranties now in effect with respect to the Owned Land, Improvements and Personal Property, and all rights of Assignor under all equipment leases relating to equipment or property located upon the Premises (the "INTANGIBLE PROPERTY"); and

(d) all water and water rights, if any, appurtenant or belonging to the Owned Land (the "WATER RIGHTS").

This Assignment is made by Assignor and accepted by Assignee subject to the "PERMITTED EXCEPTIONS" described in the Deed, to the extent, if any, that same are validly existing and affect the Contracts and Intangible Property.

By execution of this Assignment, Assignee assumes and agrees to perform all of the covenants, agreements and obligations under the Contracts binding on Assignor or the Owned Land, Improvements, or Personal Property (such covenants, agreements and obligations being herein collectively referred to as the "CONTRACTUAL OBLIGATIONS"), as such Contractual Obligations shall arise from and after the date of this Assignment. Assignee hereby agrees to indemnify, hold harmless and defend Assignor from and against any and all third party obligations, liabilities, costs and claims (including reasonable attorneys' fees) arising as a result of or with respect to any of the Contractual Obligations that are attributable to the period of time from and after the date of this Assignment.

Assignor agrees to indemnify, hold harmless and defend Assignee from and against any and all third party obligations, liabilities, costs and claims (including reasonable attorneys' fees), arising as a result of or with respect to any of the Contractual Obligations that are attributable to the period of time prior to the date of this Assignment.

ASSIGNEE ACKNOWLEDGES THAT IT HAS INSPECTED THE CONTRACTS AND THAT THIS ASSIGNMENT IS MADE BY ASSIGNOR AND ACCEPTED BY ASSIGNEE WITHOUT REPRESENTATION OR

WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, AND WITHOUT RECOURSE AGAINST ASSIGNOR, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN THE REAL ESTATE PURCHASE AND SALE AGREEMENT. THE PARTIES INTEND THAT THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS BE CONSTRUED CONSISTENTLY WITH THE REAL ESTATE PURCHASE AND SALE AGREEMENT, AND NOT SO AS TO MODIFY THE PARTIES' RIGHTS THEREUNDER.

TO HAVE AND TO HOLD all and singular the Contracts unto Assignee, its successors and assigns, and Assignor does hereby bind itself and its successors to WARRANT AND FOREVER defend all and singular the Contracts (except the Water Rights) unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or attempting to claim the same, or any part thereof, by, through, or under Assignor, but not otherwise, subject to the Permitted Exceptions described in the Deed.

In the event of a default under this Assignment and Assumption of Contracts, the defaulting party agrees to pay all attorneys' fees and costs incurred by the non-defaulting party.

This Assignment and Assumption of Contracts shall be governed according to the laws of the State of Colorado.

EXECUTED to be effective as of the day of , 1998.

ASSIGNOR:

JAD PROPERTIES, LLC,
A COLORADO LIMITED PARTNERSHIP

Name: _____

By: _____

Title: Manager

Date: _____

ASSIGNEE:

MACK-CALI REALTY L.P.,
A DELAWARE LIMITED PARTNERSHIP

Name:

By:

Title:

Date:

EXHIBIT I

TENANT ESTOPPEL CERTIFICATE
(PLEASE COMPLETE ALL BLANKS)

_____, 1998

Mack-Cali Realty L.P.

Denver, Colorado,

RE: Lease dated _____, 199__ (the "LEASE") between _____ ("LANDLORD") and _____ ("TENANT"), for premises located at 400 South Colorado Boulevard, Suite _____, Glendale, Colorado 80203.

Gentlemen:

The undersigned Tenant understands that you or your assigns intend to acquire that office property located at 400 South Colorado Blvd, Glendale, Colorado (the "PROPERTY") from JAD Properties, LLC. The undersigned Tenant understands that you or your assigns will rely upon the certifications contained herein in connection with the purchase of the Property. The undersigned Tenant does hereby certify to you as follows:

A. Tenant currently leases in the Property certain premises containing approximately _____ square feet ("PREMISES") commonly known as "Suite _____," pursuant to the terms and conditions of the Lease, dated _____, between Landlord and Tenant, [as amended by _____] (collectively, the "LEASE"). A true, correct and complete copy of the Lease is attached hereto as EXHIBIT A. Except for the Lease, there are no agreements (written or oral) or documents which are binding on Landlord in connection with the lease of the Premises. The Lease is in full force and effect, has not been modified, supplemented, or amended except as set forth above, and contains the entire understanding and agreement between Tenant and Landlord concerning the premises demised under the Lease.

B. Tenant has not given Landlord written notice (i) of any dispute between Landlord and Tenant or (ii) that Tenant considers Landlord in default under the Lease. Tenant is not, and to the best of Tenant's knowledge, Landlord is not, in default under the Lease nor has any event occurred which with the passage of time or giving of notice would constitute a default, both parties having performed their obligations under the Lease.

C. Tenant does not claim any offsets or credits or defenses against the payment of rents or any other charges payable, or the performance of any other obligations by Tenant, under the Lease.

D. Tenant has not paid a security or other deposit with respect to the Lease, except as follows:

E. Tenant has fully paid rent through the month of . The current monthly Base Rent payment payable under the Lease is $_____. The monthly payment for estimated escalations on account of taxes, operating and other pass-through expenses over the Base Year payable under the Lease is currently $_____. Tenant's percentage share of taxes, operating expenses and other pass-through taxes is _____%. Tenant's operating expense base year is _____. No free rent, partial rent, rent rebate, tenant improvement allowance or credit for improvements or other tenant concessions remain outstanding or unrealized except:

F. Tenant has not paid any monthly Base Rent or other amounts payable under the Lease in advance except for the current month of , 1998.

G. The Lease shall remain in full force and effect through , and the Tenant has no options to renew or extend or terminate

the term of the Lease or increase or decrease the size of the Premises except as expressly provided in the Lease.

H. Tenant has no options, rights of first offer or rights of first refusal to purchase the Property.

I. Tenant has not assigned its rights under the Lease or sublet any portion of the leased premises, except as follows:

_____

J. Landlord has delivered possession of the Premises to Tenant, and Tenant has accepted possession of, and currently occupies, the Premises. The Premises were at the time of delivery of possession and are currently in good order and repair, and Tenant has no claims against Landlord with respect to the condition of the Premises

or the Property. All work to be performed by Landlord for Tenant under the Lease has been performed and accepted as satisfactory by Tenant, and all allowances payable to Tenant by Landlord or credits or abatements claimed by Tenant have been paid, except for:

K. Tenant is not the subject of any bankruptcy, insolvency or similar proceeding in any federal, state or other court or jurisdiction.

L. Tenant (i) is not presently engaged in nor does it presently permit; (ii) has not at any time in the past engaged in or permitted, and (iii) has no knowledge that any third person or entity has engaged in or permitted any operations or activities upon, or any use or occupancy of the Premises, or any portion thereof, for the purpose of or in any way involving the handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal (whether legal or illegal, accidental or intentional) of any radioactive, toxic or hazardous substances, materials or wastes, or any wastes regulated under any local, state or federal law.

M. Tenant will attorn to and recognize _____ or its nominee or assignee as the Landlord under the Lease and will pay all rents and other amounts due thereunder to such party upon notice to Tenant that such party has become the owner of Landlord's interest in the Premises under the Lease.

N. The individual executing this Tenant Estoppel Certificate has the authority to do so on behalf of Tenant and to bind Tenant to the terms hereof.

TENANT:

By:

Name:

Title:

Date:

EXHIBIT J

STANDARD LIEN AFFIDAVIT

To be finalized between Seller, Purchaser and the Title Company during the Due Diligence Period.

EXHIBIT K

SPECIAL WARRANTY

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

THIS ASSIGNMENT dated as of _____, 1998, is entered into by and between JAD PROPERTIES, LLC, A COLORADO LIMITED LIABILITY COMPANY ("SELLER") and MACK-CALI REALTY L.P., A DELAWARE LIMITED PARTNERSHIP ("PURCHASER").

RECITALS

A. Seller is the landlord under a Lease dated September 21, 1977, which was originally executed by and between Vincent J. Cissell, Shaaron K. Cissell and George Irvin Chevrolet Co., a Colorado corporation, as amended (the "LEASE"); and

B. The Lease demises the real property more particularly described on EXHIBIT A attached hereto and made a part hereof (the "PROPERTY"); and

C. Seller has agreed to assign all of its right, title and interest in and to the Lease to Purchaser and Purchaser has agreed to assume Seller's obligations under the Lease, pursuant to that certain Real Estate Purchase and Sale Agreement dated March 19, 1998 ("the SALES AGREEMENT").

COVENANTS

NOW, THEREFORE, in consideration of the promises and conditions contained herein, the parties hereby agree as follows:

1. Seller hereby assigns to Purchaser all of Seller's right, title and interest as landlord in and to the Lease and warrants title to the same against all persons claiming under Seller, subject to those exceptions shown on EXHIBIT B attached hereto and made a part hereof.

2. Purchaser hereby assumes all of the landlord's obligations under the Lease and shall defend, protect, indemnify and hold harmless Seller from any claims and/or damages arising from or relating to the Lease on or after the date hereof.

3. Seller agrees to indemnify and hold harmless Purchaser from any claims and/or damages arising from or relating under the Lease that accrue prior to the date hereof.

4. This Assignment is made without any warranties or representations, express or implied, except otherwise expressly as set forth in this Assignment and/or the Sales Agreement.

5. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

IN WITNESS WHEREOF, the parties have caused these presents to be executed on the day and year first above written.

JAD PROPERTIES, LLC
A COLORADO LIMITED LIABILITY COMPANY

Name: _____

By: _____

Title: Manager

Date: _____

MACK-CALI REALTY, L.P.,
A DELAWARE LIMITED PARTNERSHIP

Name: _____

By:

Title: Manager

Date:

STATE OF COLORADO)
) SS.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this _____ day of _____, 1998, by _____ as a Manager of JAD Properties, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: .

Notary Public in and for the State of Colorado, County of Denver

(SEAL)

STATE OF)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 1998, by _____ as _____ of Mack-Cali Realty L.P., a Delaware limited partnership.

Witness my hand and official seal.

My commission expires:

Notary Public in and for the State of _____, County of _____

(SEAL)

1998, entered into by and between JAD Properties, LLC, as Seller, and Mack-Cali Realty L.P., as Purchaser.

EXHIBIT L

CISSELL ESTOPPEL CERTIFICATE

Dated:

JAD Properties, LLC
c/o Integrated Property Management, Inc.
455 Sherman Street, Suite 140
Denver, Colorado 80203

Re: Ground Lease dated September 21, 1977, originally by and between Vincent J. Cissell and Shaaron K. Cissell (collectively the "LANDLORDS") and George Irvin Chevrolet Co., a Colorado corporation as the original tenant, as modified by the Addendum thereto dated April 25, 1983 (collectively referred to herein as the "GROUND LEASE"), and under which JAD Properties, LLC is the current "Tenant".

Gentlemen:

We hereby warrant and represent with respect to the above-captioned Ground Lease:

1. There is presently in existence a valid Ground Lease pertaining to the vacant land situate, lying and being in the County of Arapahoe, State of Colorado, and described more particularly as the "CISSELL LEASE PARCEL" attached to the Ground Lease, consisting of approximately 1.74 acres of land (the "PROPERTY").

2. The current term of the Ground Lease commenced on April 1, 1983, and is scheduled to expire on March 31, 2018, subject to renewal for up to four (4) additional terms of ten (10) years each.

3. The Ground Lease, a true and correct copy of which is attached hereto as EXHIBIT A, constitutes the entire agreement between Tenant and Landlords, and no other agreement exists with respect to the Property.

4. The Ground Lease is in full force and effect and there have been no defaults by either the Landlords or Tenant thereunder. The Landlords and Tenant have no obligations or duties with respect to the Property other than as set forth in the Lease.

5. The current minimum monthly rent in the amount of _____ ($) is due on the 1st day of each month from _____ through _____ and has been paid to and including _____. As of _____, the base rent shall be _____ ($) per annum. Such rental is subject to increase as set forth more fully in paragraph 3 of the Addendum to the Ground Lease.

6. Tenant has been granted under the Ground Lease an option to purchase the Property by giving written notice of intent to purchase within sixty (60) days after the end of the primary lease term or within sixty (60) days after the end of any option term, upon the terms and conditions set forth in paragraph 5 of the Addendum to Ground Lease.

7. We have been informed that JAD Properties, LLC ("JAD"), is intending to sell the Property to Mack-Cali Realty L.P. ("MACK-CALI"). Such a sale will not constitute a default under the Ground Lease.

This Certificate is being executed and delivered to you incident to the Sale Agreement between JAD and Mack-Cali. It is intended that you and Mack-Cali may rely upon the information contained herein in consummating said transaction.

Vincent J. Cissell

Shaaron K. Cissell

EXHIBIT M

RENT ROLL

RENT ROLL WAS PROVIDED BY SELLER AS PART OF DISCLOSURE DOCUMENTATION

Exhibit 10.169

OPERATING AGREEMENT
OF
AMERICAN FINANCIAL EXCHANGE L.L.C.

THIS OPERATING AGREEMENT (this "Agreement") of AMERICAN FINANCIAL EXCHANGE L.L.C. (the "Company") is dated as of May 20, 1998, and is entered into by and between M-C HARSIMUS PARTNERS L.P. ("MCHP") and COLUMBIA DEVELOPMENT COMPANY, L.L.C. ("Columbia") as members (each a "Member" and collectively, the "Members").

PRELIMINARY STATEMENTS

MCHP and Columbia desire to jointly acquire, own, develop, manage, lease, operate, encumber and/or sell certain real property, as more particularly described in SCHEDULE "A" attached hereto, located in Jersey City, New Jersey, and commonly known as Harsimus Cove (the "Real Property");

Columbia has executed that certain Agreement for Sale and Purchase of Land, dated July 2, 1996; as amended by that certain First Amendment to Agreement for Sale and Purchase of Land, dated as of July 2, 1996; as amended by that certain Second Amendment to Agreement for Sale and Purchase of Land, dated as of March 17, 1997; as amended by that certain Third Amendment to Agreement for Sale and Purchase of Land, dated as of June, 1997; and as amended by that certain Fourth Amendment to Agreement for Sale and Purchase of Land, dated as of September 15, 1997 (collectively, the "Acquisition Contract") by and between National Bulk Carriers, Inc. (the "Seller") and Columbia (the "Buyer"), with respect to the Real Property; as well as a License Agreement, dated as of September 15, 1997 (the "License Agreement"), permitting access to the Real Property prior to closing of title for the purposes described therein;

MCHP's predecessor-in-interest and Columbia entered into a Development Agreement, dated January 13, 1997 (the "Development Agreement") in order to jointly undertake certain development of the Real Property under the terms set forth therein;

Columbia has entered into a parking agreement with Port Imperial Ferry Corp. ("PIFC"), dated April 3, 1998 (the "Parking Agreement"), which agreement provides for the operation of a parking facility on the Real Property;

MCHP's affiliate, Cali Harborside (Fee) Associates L.P. ("CHFA"), is the current owner of certain real property in Jersey City, New Jersey adjacent to the Real Property and commonly known as Harborside Center ("Harborside"). CHFA has entered into a ferry agreement, dated as of April 30, 1998 (the "Ferry Agreement"), with PIFC for the provision of ferry service by PIFC to and from Harborside, servicing midtown Manhattan and downtown Manhattan for the benefit of the Real Property; and

The Members desire to form a limited liability company under the New Jersey Limited Liability Company Act, N.J.S.A. 42:2B-1, ET SEQ., as amended from time to time (the "Act") to more specifically provide for the future development of the Real Property, as more specifically set forth below.

Accordingly, in consideration of ten dollars ($10.00), the mutual promises made herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

The following terms shall have the following meanings:

"Accountant" shall mean Schonbraun Safris McCann Bekritsky & Co., LLC, Price Waterhouse, or the successors and assigns of either, as selected by MCHP in its sole discretion, or, if such firms shall cease to exist, such other accounting firm as shall be acceptable to MCHP in its sole discretion.

"Additional Capital Contribution" means each Member's pro rata share of any Additional Funds as determined pursuant to SECTION 4.1 and SECTION 4.4.

"Additional Funds" means the amount of additional funds required by the Company in excess of the Members' initial Capital Contributions pursuant to SECTION 4.1(A).

"Additional Member" means any person or entity who acquires an Interest in the Company pursuant to the terms of this Agreement, other than the parties hereto.

"Adjusted Capital Account" means with respect to any Member, such Member's Capital Account as adjusted by the items described in Sections 1.704-2(g)(1), 1.704-2(i)(5) and 1.704-1(b)(2)(ii)(d)(4),(5) and (6) of the Treasury Regulations.

"Affiliate" means with respect to any Member (i) any corporation, partnership or other entity directly or indirectly controlling, controlled by or under common control with such Member, or (ii) any officer, director or trustee of any corporation, partnership or other entity directly or indirectly controlling, controlled by or under common control with such Member. For purposes hereof, the terms "control", "controlling" or "controlled by" mean the direct or indirect ownership of more than 20% of the voting or beneficial interest in such entity.

"Agreement" means this Operating Agreement as originally executed and as amended, modified, supplemented or restated from time to time, as the context requires.

"Capital Account" shall means the accounts maintained for each Member as set forth in SECTION 4.8.

"Capital Contribution" means any contribution to the capital of the Company in cash or property by a Member, or Members, as the case may be pursuant to the provisions of SECTION 4.1.

"Capital Transaction" means (i) any transaction by the Company (other than receipt of Capital Contributions) not in the ordinary course of the Company's business, including without limitation, sales of the Property (or any part thereof), damage recoveries (to the extent not applied to restoration), insurance proceeds (to the extent not applied to restoration), casualty or condemnation proceeds (to the extent not applied to restoration) or other similar transactions and (ii) any financing or re-financing of the Property (or any part thereof).

"Certificate of Formation" of the Company means the Certificate of Formation filed with the Secretary of State, State of New Jersey, pursuant to the Act to form the Company, as originally executed and as amended, modified, supplemented or restated from time to time, as the context requires.

"Code" means the Internal Revenue Code of 1986, as amended.

"Dissociation" means the events described in Section 7.2.

"Depreciation Deductions" means the depreciation deductions allowed by the Code with respect to the Property.

"Default Loan" means the loan described in SECTION 4.5 made on behalf of a Noncontributing Member.

"Gain from a Capital Transaction" means the gain recognized by the Company attributable to a Capital Transaction, determined in accordance with the method of accounting used by the Company for federal income tax purposes. In the event there is a revaluation of the Property and the Capital Accounts are adjusted pursuant to SECTION 4.8(C), Gain from a Capital Transaction shall be computed by reference to the "book items" and not the corresponding "tax items".

"Interest" means a Member's interest in the Company as described in SECTION 4.2.

"Involuntary Withdrawal" means, with respect to any Member, the occurrence of any of the events of Dissociation, set forth in SECTION 7.2.

"Loss from a Capital Transaction" means the loss recognized by the Company attributable to a Capital Transaction, determined in accordance with the method of accounting used by the Company for federal income tax purposes. In the event there is a revaluation of the Property and the Capital Accounts are adjusted pursuant to SECTION 4.8(C), Loss from a Capital Transaction shall be computed by reference to the "book items" and not the corresponding "tax items".

"Member" means each of the parties that have executed this Agreement and each of the parties that may hereafter become Substitute Members pursuant to this Agreement.

"Member's Representative" means that person or entity which shall

have the authority, on behalf of the applicable Member, to bind such member with respect to matters arising under this Agreement.

"Net Cash Flow" means the gross receipts and other miscellaneous revenue derived from Company operations (excluding Net Proceeds) less all cash operating expenses of the Company including, without limitation, (i) debt service on any Company loans (excluding the payment of interest and outstanding principal on Default Loans), (ii) taxes and other fees incurred in connection with the operation of the Company, and (iii) increases, if any, in reserves established by the Members from time to time for working capital and other purposes.

"Net Proceeds" means the net proceeds available to the Company from a Capital Transaction after deducting all costs and expenses incurred in connection therewith (including brokerage fees and commissions).

"Net Profit" and "Net Loss" means the net income (including income exempt from tax) and net loss (including expenditures that can neither be capitalized nor deducted), respectively, of the Company, determined in accordance with the method of accounting used by the Company for federal income tax purposes but excluding any Gain or Loss from a Capital Transaction.

"Property" means all real, personal and mixed properties, cash, assets, interests and rights of any type owned by the Company (directly or indirectly), including, without limitation, the Real Property. All assets acquired with Company funds or in exchange for the Property shall constitute the Property.

"Substitute Member" means each of those people or entities admitted to the Company as Members, as permitted by Article VIII of this Agreement.

"Transfer" means, when used as a noun, any voluntary sale, hypothecation, pledge, assignment, attachment, exchange or other relinquishment, and, when used as a verb, means voluntarily to sell, hypothecate, pledge, assign, attach, exchange or otherwise relinquish.

"Treasury Regulations" means the regulations promulgated under the Code.

"Unanimous Consent of the Members" shall mean the consent of the Members holding 95% of the Interest in the Company.

"Unpaid Preferred Return" means for any period an amount equal to the amount of interest that would accrue, cumulative and compounded, on MCHP's Unrecovered Capital Contributions, computed at an interest rate of nine (9%) percent per annum, reduced (but not below zero) by the amount of any distributions made to MCHP pursuant to SECTIONS 6.2(A)(I) AND 6.3(B).

"Unrecovered Capital Contribution" means for MCHP an amount equal to the aggregate amount of its capital contribution(s) made pursuant to this Agreement reduced by the aggregate amount of distributions theretofore made to MCHP pursuant to
SECTION 6.3(C).

"Voluntary Withdrawal" means a Member's Dissociation from the Company by means other than a Transfer or Involuntary Withdrawal.

ARTICLE II
ORGANIZATION AND TERM

2.1 FORMATION. The Members do hereby agree to form the Company under the name of American Financial Exchange L.L.C. for the purpose and scope set forth herein. Pursuant to the provisions of the Act, the formation of the Company shall be effective upon the execution hereof and the filing of the Certificate of Formation.

In order to maintain the Company as a limited liability company under the laws of the State of New Jersey, the Company shall from time to time take appropriate action, including the preparation and filing of such amendments to the Certificate of Formation and such other assumed name certificates, documents, instruments and publications as may be required by law, including, without limitation, action to reflect:

(i) a change in the Company name;

(ii) a correction of a defectively or erroneously executed Certificate of Formation;

(iii) a correction of false or erroneous statements in the Certificate of Formation or the desire of the Members to make a change in any

statement therein in order that it shall accurately represent the agreement among the Members; or

(iv) a change in the time for dissolution of the Company as stated in the Certificate of Formation and in this Agreement.

2.2 TERM. The term of the Company shall commence upon filing the Articles of Organization and shall continue in perpetuity, unless dissolved following an event set forth in SECTION 9.1 hereof.

2.3 REGISTERED AGENT AND OFFICE. The registered office of the Company in the State of New Jersey is c/o Mack-Cali Realty, L.P., 11 Commerce Drive, Cranford, New Jersey 07016, Attn: Roger W. Thomas, Esq. The name and address of the registered agent of the Company for service of process on the Company in the State of New Jersey is Mack-Cali Realty, L.P., 11 Commerce Drive, Cranford, New Jersey 07016. At any time, the Company may

designate another registered agent and/or office by amending the Certificate of Formation pursuant to the Act.

2.4 PRINCIPAL PLACE OF BUSINESS. The principal place of business of the Company shall be c/o Mack-Cali Realty, L.P., 11 Commerce Drive, Cranford, New Jersey 07016. At any time, the Company may change the location of its principal place of business and may establish additional offices.

2.5 OTHER INSTRUMENTS. Each Member hereby agrees to execute and deliver to the Company within ten (10) days after receipt of a written request therefor, such other and further documents and instruments, statements of interest and holdings, designations, powers of attorney and other instruments and to take such other action as the Company reasonably deems necessary, useful or appropriate to comply with any laws, rules or regulations as may be necessary to enable the Company to fulfill its responsibilities under this Agreement.

ARTICLE III
PURPOSES AND POWERS OF THE COMPANY

3.1 PURPOSES OF THE COMPANY.

(a) The purposes of the Company's business are to acquire, own, develop, manage, operate, maintain, encumber and sell the Real Property and to conduct such other activities as may be necessary, appropriate and incidental to the foregoing purposes in connection therewith, and to engage in any other business permitted under the Act as unanimously approved by the Members.

(b) DEVELOPMENT OF THE REAL PROPERTY. Columbia and MCHP have completed the construction of certain bulkhead improvements for the Real Property, pursuant to (i) the Army Corp. of Engineer Permit No. 14767, dated March 22, 1988, as amended by letter dated July 26, 1989, as further amended by letter dated March 23, 1991, as further amended by letter dated February 25, 1994, and as further amended by letter dated April 23, 1996 (the "Army Corps Permit"); and (ii) the New Jersey Department of Environmental Protection Waterfront Development Permit No. 0906-92-0005.2, issued December 23, 1997 (the "Waterfront Development Permit", and together with the Army Corps Permit, the "Waterfront Permits"). The Company shall, promptly following the execution of this Agreement, complete parking lot improvements and a waterfront walkway at the Real Property, as more fully set forth in the Waterfront Permits (collectively, the "Improvements") in accordance with (i) those certain plans and specifications approved by the Members, attached hereto as EXHIBIT "D" (the "Plans and Specifications"); (ii) that certain budget approved by MCHP attached hereto as EXHIBIT "E" (the "Budget"); (iii) the Parking Agreement; and (iv) all applicable legal requirements. Columbia acknowledges that the Ferry Agreement will be contingent upon the availability of and access to sufficient parking on the Real Property for PIFC's ferry passengers. At closing of title for the Real Property, MCHP shall make a Capital Contribution to the Company sufficient to allow the

Company to reimburse Columbia for those costs actually incurred by Columbia through the date hereof with respect to the construction of the Improvements (the "Development Costs"), which Development Costs are more particularly set forth in EXHIBIT "F" attached hereto; PROVIDED, HOWEVER, that MCHP's Capital Contribution pursuant to this paragraph shall constitute an Unrecovered Capital Contribution, and shall be entitled to an Unpaid Preferred Return, recoverable by MCHP as provided in this Agreement.

3.2 POWERS OF THE COMPANY. In furtherance of the purpose of the

Company as set forth in SECTION 3.1, the Company shall have the power and authority to take in its name all actions necessary, useful or appropriate in the Members' discretion to accomplish its purpose and take all actions necessary, useful or appropriate in connection therewith. In addition, the Company shall take all actions that are or may become necessary to insure that Mack-Cali Realty Corporation maintains its status as a real estate investment trust under Section 856 of the Code and applicable Treasury Regulations, provided that such actions shall not materially and adversely affect Columbia.

ARTICLE IV

MEMBER'S CAPITAL CONTRIBUTIONS AND INTERESTS

4.1 CAPITAL CONTRIBUTIONS.

(a) Upon execution hereof, each Member shall be obligated to contribute to the capital of the Company, in cash or property, as its initial Capital Contribution the amount set forth opposite its name on EXHIBIT "A" attached hereto.

(b) Upon the execution of this Agreement, Columbia shall assign to the Company all of Columbia's right, title and interest under:

(i) The Acquisition Contract, including, without limitation, the right to receive a warranty deed to Seller's fee estate in the Real Property;

(ii) The License Agreement;

(iii) That certain parking agreement with PIFC;

(iv) A certain Leasing Representation Agreement, dated June 10, 1997, with Insignia/Edward S. Gordon Co., Inc.;

(v) Any and all other agreements, entered into by Columbia to effectuate the development of the Real Property, including, without limitation, agreements with engineers, architects, environmental experts and attorneys; and

(vi) All municipal, state and federal approvals and permits relating to the ownership, development and operation of the Property.

Columbia represents to MCHP (i) that Columbia has full right and authority to assign the foregoing to the Company and that Columbia is not in default under any of the foregoing agreements, rights or permits; (ii) that, to the best of Columbia's knowledge, no event, fact or circumstance then exists that, with the giving of notice or the expiration of any applicable cure period, would constitute a default hereunder or under any of the agreements, rights or permits referenced herein; (iii) that Columbia has not entered into any other agreements with respect to or affecting the Property; (iv) that Columbia has not created or suffered to exist any encumbrance or other obligation affecting the Property except those set forth on EXHIBIT "B" attached hereto and as indicated in Title Commitment No's. 97-TA-0524 (Block 15, Lot 36) and 97-TA-0504 (Block 15, Lot 35) issued by Chicago Title Insurance Company, each dated August 31, 1996.

(c) MCHP shall, on behalf of the Company, remit the sum of $7,990,700.00 (the "Purchase Price"), in cash, to Seller for the purchase of the Property, as required by the Acquisition Contract. The Purchase Price funds advanced by MCHP shall be considered a Capital Contribution, and shall constitute an Unrecovered Capital Contribution entitled to an Unpaid Preferred Return, recoverable by MCHP as set forth in this Agreement.

(d) MCHP shall make Capital Contributions to the Company to the extent required by the terms of SECTION 3.1(B) and SECTION 4.1(C). In the event that any Member determines that the Company requires additional funds (i) to make any payments due under any third party loan to the Company (other than a balloon payment of principal at maturity) the failure of which would give the lender thereunder the right to accelerate the loan; (ii) to make payments on account of real estate taxes and other municipal charges and levies so that same may be paid prior to the delinquency thereof; (iii) to make payments on account of any insurance policies insuring the Company assets; or (iv) to make payments on account of legal services rendered to the Company, such Member shall notify the other Members in writing of the total cost of such charges (the "Required Amount") and each Member's share of the amount required to pay such costs. Within fifteen (15) days of such notice, any Member may, but is not obligated to, make a Capital Contribution in the amount of its share of the Required Amount. Pending the receipt by the Company of the Required Amount, any Member shall be entitled to advance to the Company the entire Required Amount (and to

receive a Nine Percent (9.0%) return thereon until repaid) if such Member shall determine in good faith that the Company may incur any liability or additional expense if the matter giving rise to the need for the Capital Contribution is not timely satisfied. No Member shall have an obligation to make any Capital Contribution except as expressly set forth herein.

4.2 INTERESTS. A Member's Interest in the Company shall be represented by the percentage interest held by such Member, as set forth on EXHIBIT "C" attached hereto.

4.3 NO REQUIREMENT OF ADDITIONAL FUNDS. Except as expressly provided in this Agreement or as required by law, no Member shall be required to make any Capital

Contributions to the capital of the Company. Without limiting the foregoing, no Member shall be required to contribute to the capital of the Company to restore a deficit in the Member's Capital Account existing at any time. No Member will be bound by, or be personally liable for, the expenses, liabilities or obligations of the Company. No Member shall be responsible for any liabilities or obligations of any other Member.

4.4 ADDITIONAL FUNDS.

If the Members in their sole discretion determine that the Company requires additional funds in excess of the Capital Contributions made by the Members pursuant to this Agreement (the "Additional Funds") and the Company is unable to borrow the required funds on commercially reasonable terms and conditions, then the Members shall advise each Member of the amount of its pro rata share of the Additional Funds in accordance with each Member's Interest in the Company pursuant to SECTION 4.2. Within fifteen (15) days of such notice, each Member may, but is not obligated to, make a Capital Contribution to the Company in the amount of its pro rata share of the Additional Funds in accordance with its Interest in the Company pursuant to SECTION 4.2.

4.5 DEFAULT LOANS.

(a) If any Member fails to make (in whole or in part) its Capital Contribution pursuant to SECTION 4.1(D) and/or SECTION 4.4 (any such Member is herein referred to as a "Noncontributing Member"), then any Member that has made its Capital Contribution (any such Member is herein referred to as a "Contributing Member") shall have the option to make a Default Loan to the Company on behalf of the Noncontributing Member equal to the Capital Contribution not made by the Noncontributing Member (a "Default Loan"), on the terms and conditions set forth in SECTION 4.5(B) below. In the event that more than one Contributing Member desires to make a Default Loan on account of the Noncontributing Member, such Contributing Members shall be permitted to participate in proportion to their respective Interests exclusive of the Interest of the Non-Contributing Member.

(b) A Default Loan (which for all purposes of this Agreement shall include all accrued and unpaid interest thereon) made on behalf of a Member due to its failure to make its Capital Contribution shall bear interest from the date such Capital Contribution is due at an annual rate equal to the rate announced from time to time in The Wall Street Journal as the "prime rate" plus four (4) percentage points, and shall mature upon the liquidation of the Company if not otherwise paid in full pursuant to the terms of this Agreement. In the event that The Wall Street Journal shall no longer be published, then the Member entitled to payments of interest shall be entitled to select, in its reasonable discretion, an alternative publication or institutional "prime" or "base" rate (and, if there is more than one such Member, then the Member with the greatest Interest shall be entitled to make such selection). Any Default Loan and interest thereon shall be required to be repaid by the Noncontributing Member only to the extent distributions are made to such Member as set forth in SECTION 6.2 and SECTION 6.3, and no Noncontributing Member shall have any personal liability for the repayment of same or any interest thereon. In the event that there shall be more than one Default Loan during the term of

this Agreement, then the application of the various rights set forth in this SECTION 4.5 shall be applied separately to each such Default Loan.

4.6 WITHDRAWALS AND INTEREST. No Member shall have the right to withdraw from the Company or receive any return or interest on any portion of its Capital Contribution except as otherwise provided herein.

4.7 RETURN OF CAPITAL. No Member shall be entitled to the return of all or any part of its Capital Contribution except in accordance with the provisions of this Agreement.

4.8 CAPITAL ACCOUNTS. The Company shall determine and maintain

"Capital Accounts" for each member throughout the full term of the Company in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv), as such regulation may be amended from time to time. To the extent not inconsistent with such rules, the following shall apply:

(a) The Capital Account of each Member shall be credited with (1) an amount equal to such Member's cash contributions including, without limitation, Purchase Price and Development Costs to the extent set forth in this Agreement, and the agreed fair market value of property contributed to the Company by such Member (net of liabilities securing such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code) and (2) such Member's share of the Company's Net Profits (or items thereof) and Gain from a Capital Transaction. The Capital Account of each Member shall be debited by (1) the amount of cash distributions to such Member and the agreed fair market value of property distributed to such Member (net of liabilities assumed by such Member and liabilities to which such distributed property is subject) and (2) such Member's share of the Company's Net Losses (or items thereof) and Loss from a Capital Transaction.

(b) Upon the transfer of an Interest in the Company after the date of this Agreement, (x) if such transfer does not cause a termination of the Company within the meaning of Section 708(b)(1)(B) of the Code, the Capital Account of the transferor Member that is attributable to the transferred Interest will be carried over to the transferee Member but, if the Company has a Section 754 election in effect, the Capital Account will not be adjusted to reflect any adjustment under Section 743 of the Code, or (y) if such transfer causes a termination of the Company within the meaning of Section 708(b)(1)(B) of the Code, the income tax consequences of the deemed distribution of the Property and of the deemed immediate contribution of the Property to a new company (which for all other purposes continues to be the Company) shall be governed by the relevant provisions of Subchapter K of Chapter 1 of the Code and the regulations promulgated thereunder, and the initial Capital Accounts of the Members in the new company shall be determined in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(d), (e), (f), (g) and (1), and thereafter in accordance with
SECTION 4.8(A).

(c) Upon (i) the "liquidation of the Company" (as hereinafter defined), (ii) the "liquidation of a Member's interest in the Company" (as hereinafter defined), (iii) the distribution of money or property to a Member as consideration for an Interest in the Company, or (iv) the contribution of money or (if permitted pursuant to (a) above) property to the Company by a new

or existing Member as consideration for an Interest in the Company, or upon any transfer causing a termination of the Company for tax purposes within the meaning of Section 708(b)(1)(B) of the Code, then adjustments shall be made to the Members' Capital Accounts in the following manner: all Property of the Company which is not sold in connection with such event shall be valued at its then "agreed value". Such agreed value shall be used to determine both the amount of gain or loss which would have been recognized by the Company if the Property had been sold for its agreed value (subject to any debt secured by the Property) at such time, and the amount of Net Cash Flow or Net Proceeds, as the case may be, which would have been distributable by the Company pursuant to SECTION 6.2 if the Property had been sold at such time for said value, less the amount of any debt secured by the Property. The Capital Accounts of the Members shall be adjusted to reflect the deemed allocation of such hypothetical gain or loss in accordance with SECTION 6.1. The Capital Accounts of the Members (or of a transferee of a Member) shall thereafter be adjusted to reflect "book items" and not tax items in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(G) and 1.704-1(b)(4)(i).

(d) For purposes of this SECTION 4.8, (i) the term "liquidation of the Company" shall mean (A) a termination of the Company effected in accordance with this Agreement, which shall be deemed to occur, for purposes of this ARTICLE IV, on the date upon which the Company ceases to be a going concern and is continued in existence solely to wind-up its affairs, or (B) a termination of the Company pursuant to Section 708(b)(1) of the Code; (ii) the term "liquidation of a Member's interest in the Company" shall mean the termination of the Member's entire interest in the Company effected by a distribution, or a series of distributions, by the Company to the Member; and (iii) the term "agreed value" shall mean, with respect to the Property, such value as is determined by the Members.

4.9 LIABILITY. No Member shall be liable under a judgment, decree or order of a court, or in any other manner for a debt, obligation or liability of the Company. Additionally, no Member shall be required to lend any funds to the Company or to pay any contributions, assessments or payments to the Company except the initial Capital Contributions set forth in EXHIBIT "A" and the Capital Contributions provided for in SECTION 4.1.

ARTICLE V

RIGHTS AND DUTIES OF THE MEMBERS

5.1 MANAGEMENT.

(a) MANAGEMENT OF THE COMPANY. The day-to-day business and affairs of the Company shall be managed by the Members, who, acting unanimously, shall have the exclusive power and authority, on behalf of the Company, to take any action of any kind not inconsistent with the provision of this Agreement and to do anything and everything they deem necessary or appropriate to carry on the business and purposes of the Company. There shall not be a "manager" (within the meaning of the Act) of the Company. The Members are, to the extent of their rights and powers set forth in this Agreement, agents of the Company for the purpose of the Company's business, and the actions of the Members taken in accordance with such rights and

powers shall bind the Company. Day-to-day decisions with respect to the construction of the Improvements, as defined in SECTION 3.1(B), the Real Property parking agreement and/or the acquisition of the Real Property shall be made only with the Unanimous Consent of the Members. Additionally, any choice with respect to the following major decisions shall be made only with the Unanimous Consent of the Members: (i) sale or other transfer of all or substantially all of the Company's assets; (ii) any indebtedness secured or to be secured by the Property or with recourse to the Members; (iii) sale of the Property; (iv) merger, liquidation, dissolution, reorganization or voluntary filing for bankruptcy by the Company; (v) leasing of the Property; or (vi) development of the Property (collectively, "Major Decisions").

(b) The Members shall carry on, manage and conduct the Company business and shall devote so much of their time thereto as shall be reasonably necessary. The Members shall not be obligated to devote all of their time and effort to the Company and its affairs.

(c) All deeds, bills of sale, mortgages, leases, contracts of sale, bonds, notes, or other contracts, documents, agreements, instruments or writings binding the Company shall bind the Company and be effective for all uses and purposes if signed on behalf of the Company by all of the Members.

5.2 NO MANAGEMENT POWERS OF THE MEMBERS. The Members in such capacity shall have no voice or participation in the management of the Company business, and no power to bind the Company or to act on behalf of the Company in any manner whatsoever, except as specifically provided in this Agreement.

5.3 MANAGER'S FEES AND REIMBURSEMENT OF EXPENSES. The Members shall receive no compensation for acting as managers of the Company. All bona fide costs and expenses actually incurred in connection with the organization of the Company and the ongoing operation or management of the business of the Company shall be borne by the Company, provided that they have been approved in advance, in writing, by the Members. The Company, promptly upon receipt of a written request for reimbursement, accompanied by reasonably acceptable evidence that the bona fide costs and expenses have been incurred by the requesting Member, shall reimburse such Member for all bona fide out-of-pocket costs and expenses incurred by it in connection with the organization and business of the Company.

5.4 MEETINGS. Meetings of the Members shall not be held unless the Members, in their sole discretion, decide to call a meeting of the Members for any purpose.

5.5 BANK ACCOUNTS. The Company shall establish and maintain accounts in financial institutions (including, without limitation, national or state banks, trust companies or savings and loan institutions) in such amounts as the Members may deem necessary from time to time. The funds and income of the Company, including, without limitation, rental income from the operation of the Property, shall be collected by the TMM (as hereinafter defined) and deposited in such accounts, and shall not be commingled with the funds of the Members or any Affiliates thereof. All Company disbursements must be approved by the Members, however, Company checks, after approval by the Members, may be signed by any Member of the

Company or by any individual authorized by the Members to sign checks on behalf of the Company.

5.6 INDEMNITY. The Company (but not the Members) shall indemnify and hold harmless the Members and their respective directors, officers, agents and employees from any claims, cost, loss damage or expense (including reasonable attorney's fees and costs), liability, judgments or causes of action (collectively, "Losses") incurred by them by reason of any acts or omissions performed or omitted by them for or on behalf of the Company, unless such Losses

were caused by (i) the applicable Member's fraud, gross negligence or willful misconduct; or (ii) the Member's violation of law. Notwithstanding any language to the contrary contained in this Agreement, a Member shall have personal liability for the Company's indemnity in the event that the Losses are directly caused by the gross negligence or willful misconduct of such Member.

5.7 RELIANCE ON AUTHORITY OF MEMBERS. Any Person dealing with the Company, other than another Member, may rely on the authority of the Members without inquiry into the provisions of this Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Agreement.

ARTICLE VI

ALLOCATIONS AND DISTRIBUTIONS

6.1 ALLOCATIONS OF PROFITS AND LOSSES AND GAIN OR LOSS ON SALE.

(a) NET PROFITS. The Net Profits of the Company, for each fiscal year of the Company, shall be allocated among the Members as follows:

(i) First, to the Members in an amount equal to, and in proportion to, the aggregate amount of Net Losses theretofore allocated to each Member;

(ii) Second, pro rata among the Members until the aggregate amount of Net Profits allocated pursuant to this subsection (a)(ii) for the current and all prior years equals the aggregate amount of distributions theretofore made to such Members pursuant to SECTION 6.2(A)(I); and

(iii) Thereafter in proportion to their respective Interests in the Company.

Any credit available for income tax purposes shall be allocated among the Members in proportion to their respective Interests in the Company.

(b) GAIN ON SALE. Gain from a Capital Transaction shall be allocated in the following order:

(i) There shall first be allocated to those Members, if any, who have deficit balances in their Capital Accounts immediately prior to such transaction, an amount of such gain equal to the aggregate amount of such deficit balances, which amount shall be allocated in the same proportion as such deficit balances.

(ii) There shall next be allocated to each of the Members gain equal to the amount by which (x) the aggregate cash proceeds derived from such transaction distributable to each Member in accordance with the provisions of SECTION 6.2(B), assuming such amounts are distributable, exceeds (y) the positive balance, if any, in such Member's Capital Account after such Member's Capital Account has been adjusted to reflect the gain allocated to such Member pursuant to paragraph (i) above; provided, however, that if there shall be an insufficient amount of gain determined by this paragraph, then the gain shall be allocated to the Members in proportion to the respective amounts determined pursuant to this paragraph.

(iii) Any remaining gain shall be allocated among the Members in proportion to their respective Interests in the Company.

(iv) If the Company shall realize, upon such transaction, gain which is treated as ordinary income under Section 1245 or 1250 of the Code, such ordinary income shall be allocated to the Members who receive the allocation of the depreciation or cost recovery deduction that generated the ordinary income, which amount shall be allocated in the same proportions as such deductions.

(v) Notwithstanding the foregoing, any cash payments made to a Member pursuant to SECTIONS 6.2(A) AND 6.3(A) for interest and in repayment of the principal on any Default Loan shall not be treated as an amount that reduces the Capital Account of the Member receiving such amount.

(c) NET LOSSES. Net Losses of the Company shall be allocated among the Members as follows:

(i) First, Depreciation Deductions shall be allocated among the Members in proportion to their initial Capital Contributions made pursuant to SECTION 4.1(A);

(ii) Second, to those Members, if any, that have positive balances in their Capital Accounts, an amount of such loss equal to the aggregate amount of such positive Capital Account balances which amount shall be allocated in the same proportion as such positive balances; and

(iii) Thereafter to the Members in proportion to their respective Interests in the Company.

(d) LOSS ON SALE. Loss from a Capital Transaction from the sale or other disposition of all or substantially all of the Property shall be allocated in the following order:

(i) There shall first be allocated to those Members, if any, who have positive balances in their Capital Accounts, an amount of such loss equal to the aggregate amount of such positive balances, which amount shall be allocated in the same proportion as such positive balances; and

(ii) The balance of such loss shall be allocated to the Members in proportion to their respective Interests in the Company.

(e) SPECIAL RULES REGARDING ALLOCATIONS.

Notwithstanding the foregoing provisions of SECTION 6.1:

(i) In accordance with sections 704(b) and (c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company (including all or part of any deemed capital contribution under section 708 of the Code) shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company and its agreed value. In the event that Capital Accounts are ever adjusted pursuant to Treasury Regulation section 1.704-1(b)(2) to reflect the fair market value of any of the Property, subsequent allocations of income, gain, loss and deduction with respect to such asset shall, solely for tax purposes, take account of any variation between the adjusted basis of such asset and its value as adjusted in the same manner as required under section 704(c) of the Code and the Treasury Regulations thereunder.

(ii) At no time shall any allocation of losses be made to a Member if such allocation would cause the deficit in the Member's Capital Account, if any, to exceed his "Company minimum gain" or "Member non-recourse debt minimum gain" (as defined in Treasury Regulation Sections 1.704-2(b)(2) and (g)(1) and (i)(2) and (5), respectively), and any losses not allocated to a Member by reason of this clause (ii) shall be allocated to each Member whose deficit, if any, in the Member's Capital Account of such Member shall not exceed his allocable share of such minimum gain by reason of such allocation, or to the Members who bear the economic risk of loss attributable to such losses, and subsequent profits shall be allocated to Members to the extent losses have previously been allocated to them pursuant to this SECTION 6.1(C)(II).

(iii) Non-recourse deductions, as defined in Treasury Regulations Section 1.704-2(b), shall be allocated among the Members in proportion to their Interests. Member non-recourse deductions shall be allocated among the Members in the proportion to which they share

the economic risk of loss with respect to the Member non-recourse debt to which such deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

(iv) If there is a net decrease in the Company minimum gain (within the meaning of Treasury Regulation Section 1.704-2(g)(2)) for a Company taxable year, then, before any allocations are made for such year other than those pursuant to clause (ii) above, each Member with a share of the Company minimum gain at the beginning of the year shall be allocated items of Company income and gain for such year (and, if necessary for subsequent years) in an amount equal to each Member's share of the net decrease in Company minimum gain as determined in accordance with Treasury Regulation Section 1.704-2(f) in a manner so as to satisfy the requirements of said Treasury Regulation.

(v) If, during any taxable year, there is a net decrease in Member non-recourse debt minimum gain, then, before any other allocations are made for such year other than those pursuant to clause (ii) above, each Member with a share of the Member non-recourse debt minimum gain at the beginning of the year shall be allocated items of Company income and gain for such year (and, if necessary, for subsequent years) in an amount equal to each Member's share of

the net decrease in Member non-recourse debt minimum gain as determined in accordance with Treasury Regulation Section 1.704-2(i)(4) in a manner so as to satisfy the requirements of said Treasury Regulation.

(vi) If, during any taxable year, a Member unexpectedly receives, or, as of the end of such year, is reasonably expected to receive, an adjustment, allocation or distribution described in paragraph (4), (5) or (6) of Treasury Regulation Section 1.704-1(b)(2)(ii)(d), and if such adjustment, allocation or distribution would cause at the end of the taxable year a deficit balance in such Member's Capital Account in excess of his allocable share of minimum gain as described above, then such Member shall be allocated items of income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount and in a manner sufficient to eliminate such excess balance as quickly as possible before any other allocation is made for such year, other than pursuant to clause (ii) and (iii) above, so as to satisfy the requirements of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) (qualified income offset).

(vii) In the event any Member has a deficit balance in his Capital Account at the end of the fiscal year which is in excess of the sum of (A) the amount such Member is obligated to restore pursuant to any provision of this Agreement, if any, and (B) the amount of such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible.

6.2 DISTRIBUTIONS OF NET CASH FLOW.

(a) The Company shall distribute Net Cash Flow to the Members at such times as the Members shall determine (but not less often than quarterly), in the following order of priority:

(i) First, to MCHP in an amount equal to its Unpaid Preferred Return;

(ii) Second, to the Members in proportion to their Unrecovered Capital Contributions (excluding MCHP's Capital Contribution in the amount of the Purchase Price) until their Unrecovered Capital Contributions (excluding MCHP's Capital Contribution in the amount of the Purchase Price) have been reduced to zero; and

(iii) Third, the balance shall be distributed to the Members in proportion to their respective Interests.

(b) Notwithstanding any provision in this Agreement to the contrary, all payments of principal and interest on any Default Loan made on behalf of a Noncontributing Member shall, except as permitted below, be made by the Company to the Contributing Member out of the first distributions of Net Cash Flow otherwise due to the Noncontributing Member pursuant to SECTION 6.2(A) and shall be treated for all purposes of this Agreement as amounts distributed to the Noncontributing Member and paid by such Member to the Contributing Member on account of the Default Loan.

6.3 DISTRIBUTIONS OF NET PROCEEDS.

(a) The Company shall distribute Net Proceeds to the Members as soon as practicable after the occurrence of the event giving rise to the Net Proceeds, in the following order of priority:

(i) First, to MCHP in an amount equal to its Unpaid Preferred Return;

(ii) Second, to the Members in proportion to their Unrecovered Capital Contributions (including MCHP's Capital Contribution in the amount of the Purchase Price) until their Unrecovered Capital Contributions (including MCHP's Capital Contribution in the amount of the Purchase Price) have been reduced to zero; and

(iii) Third, the balance shall be distributed to the Members in proportion to their respective Interests.

(b) Notwithstanding any provision in this Agreement to the contrary, all payments of principal and interest on any Default Loan made on behalf of a Noncontributing Member shall, except as permitted below, be made by the Company to the Contributing Member out of the first distributions of Net Proceeds otherwise due to the Noncontributing Member

pursuant to SECTION 6.3(A) and shall be treated for all purposes of this Agreement as amounts distributed to the Noncontributing Member and paid by such Member to the Contributing Member in full or partial satisfaction of the Default Loan.

6.4 SPECIAL RULES REGARDING DISTRIBUTIONS.

(a) No distribution shall be declared and paid if, after the distribution is made: (i) the Company would be unable to pay its debts as they become due in the usual course of business, or (ii) the fair market value of the Company's assets would be less than the sum of its liabilities.

(b) All amounts withheld pursuant to the Code or any provisions of state and local tax law with respect to any payment or distribution to the Members from the Company shall be treated as amounts distributed to the relevant Member or Members pursuant to SECTION 6.2 or SECTION 6.3.

ARTICLE VII

TRANSFERABILITY

7.1 RESTRICTIONS ON TRANSFERABILITY.

(a) No Member may Transfer all, or any portion, of its Interest except as specifically provided herein and except by operation of law as a result of the Involuntary Withdrawal of such Member.

(b) Intentionally Deleted.

(c) Notwithstanding anything to the contrary set forth herein, and without inferring or implying any restriction on the Transfer of the membership rights of the members of Columbia's members, upon prior written notice to the other Members, the members of Columbia may freely Transfer or provide an option to Transfer their interests in Columbia to a corporation, partnership, limited liability company or other person or entity; PROVIDED, HOWEVER, that following any of such Transfers (including, without limitation, Transfers of the membership rights of the members of Columbia's members), the controlling interest in Columbia is held by Joseph A. Panepinto and Peter A. Mangin, who shall continue to act jointly as the Member's Representative for Columbia. The term "controlling interest" shall be defined to be such interest that would allow Joseph A. Panepinto and Peter A. Mangin jointly to absolutely govern, oversee, supervise, operate, direct and manage Columbia, whether directly or indirectly, without the consent, authorization or approval of any other person or entity.

(d) Notwithstanding anything to the contrary set forth herein, upon prior written notice to the other Members, MCHP shall have the right at any time and from time to time to transfer its Interest to (i) an Affiliate of MCHP, or (ii) any person or entity which acquires all or any substantial portion of the assets of MCHP or Mack-Cali Realty, L.P., whether

by an asset or stock sale and purchase, merger or other transaction, without the consent of the other Members.

(e) Each Member hereby acknowledges the reasonableness of the prohibitions contained in this SECTION 7 in view of the purposes of the Company and the relationship of the Members. The Transfer of any Interest in violation of the prohibitions contained in this SECTION 7 shall be deemed invalid, null and void, and of no force or effect ab initio, and shall not bind or be recognized by the Company. Any Person to whom an Interest is attempted to be transferred in violation of this SECTION 7 shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Company.

(f) No Member shall have the right or power to Voluntarily Withdraw from the Company.

(g) Upon the occurrence of an Involuntary Withdrawal, the successor of the withdrawn Member shall only be entitled to receive any distributions that otherwise would have been distributable to the withdrawn Member. No such successor shall have no right to exercise any other rights of a Member under this Agreement, including, without limitation, (i) voting or management rights in the Company; (ii) the right to demand that distributions be made by the Company; or (iii) the right to demand a dissolution or liquidation of the Company.

(h) In the event any Member (the "Departing Member") ceases to be a member at any time prior to the expiration of the term of this Company, and the Company or its business is continued without the Departing Member, all documents and

records of the Company including, without limitation, all financial records, vouchers, canceled checks and bank statements, up to the date of the termination of the Departing Member's interest, shall belong to the Members which continue as Members (the "Surviving Members"), and shall be delivered to the Surviving Members.

(i) Intentionally Deleted.

(j) Any transferee of all or any portion of a Member's Interest shall be entitled to receive allocations and distributions attributable to the Interest acquired by reason of such Transfer from and after the effective date of the Transfer; HOWEVER, anything to the contrary herein notwithstanding, the Company shall be entitled to treat the transferor of such Interest as the absolute owner of the transferred Interest in all respects, and shall incur no liability for allocations of net income, net losses, or gain or loss of the Property, or transmittal of reports and notices required to be given to the Members hereunder which are made in good faith to such transferor until such time as the written Transfer has been received by the Company, approved and recorded on its books and the effective date of the Transfer has passed. Provided that the Company has actual notice of any Transfer of the Interest of the Member, the effective date of such Transfer on which the transferee shall be deemed a transferee of record shall be the date set forth on the written instrument of the Transfer.

7.2 DISSOCIATION. "Dissociation" means, with respect to any Member, the Involuntary Withdrawal of such Member from the Company due to occurrence of any of the following events:

(A) the Member is deemed to have automatically withdrawn from the Company due to the fact that the Member:

(1) becomes a debtor in bankruptcy;

(2) executes an assignment for the benefit of creditors;

(3) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Member or of all or substantially all of the Member's properties;

(4) fails, within 90 days after the appointment, without the Member's consent or acquiescence, of a trustee, receiver or liquidator of the Member or of all or substantially all of the Member's properties, to have the appointment vacated or stayed, or fails within 90 days after the expiration of a stay to have the appointment vacated; or

(5) is dissolved or is having its business affairs wound up.

(B) In the event that there are more than two Members, the Members (other than the applicable Member) unanimously vote to expel the applicable Member on the basis that:

(1) it is unlawful to carry on the business of the Company with the Member;

(2) there has been an attempted Transfer of that Member's Interest not expressly permitted under this Agreement, or a court order charging the Member's Interest; or

(3) the Member is a corporation and 90 days have transpired since the filing of a certificate of dissolution, the revocation of its charter or the suspension of its right to conduct business by the jurisdiction of its formation, and there has been no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business.

(C) An order of a court of competent jurisdiction, upon the application of the Company or any Member, requiring the Member's withdrawal.

ARTICLE VIII

ADMISSION OF SUBSTITUTE MEMBERS

8.1 ADMISSION OF SUBSTITUTE MEMBERS.

(a) No Transfer of all or any part of a Member's Interest permitted to be made under this Agreement shall be binding upon the Company unless and until a duplicate original of such assignment or instrument of transfer, duly executed and acknowledged by the assignor and the

assignee/transferee, has been delivered to the Company.

(b) As a condition to the admission of any Substitute Member, as provided in this Article, the entity or person so to be admitted shall execute and acknowledge such instruments, in form and substance reasonably acceptable to the Members, as the Members may deem necessary or desirable, to effectuate such admission and to confirm the agreement of the person to be admitted as such Member and to be bound by all of the covenants, terms and conditions of this Agreement, as the same may be amended.

(c) Any person to be admitted as a Substitute Member pursuant to the terms of this Agreement shall, as a condition of admission as a Member, pay all reasonable expenses in connection with such admission as a Member, including, but not limited to, the cost of the preparation, filing and publication of any amendment to this Agreement and/or the Articles of Organization of the Company which the Members deem necessary or desirable in connection with such admission.

8.2 BANKRUPTCY OF A MEMBER. Notwithstanding the provisions of SECTION 7.2 to the contrary, in the event of the bankruptcy of a Member, the successor in interest of such Member may be admitted to the Company as a Substitute Member in the place and stead of the bankrupt Member in accordance with this Article upon the written consent of the Members, which consent may be withheld or delayed in the Members' sole discretion. No such successor in interest shall be deemed to be a Substitute Member unless so admitted.

8.3 ALLOCATIONS TO SUBSTITUTED MEMBERS. The other Members may, at their option, at the time a Substitute Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro-rata allocations of loss, income and expense deductions to a Substitute Member for that portion of the Company's tax year in which a Substitute Member was admitted, in accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder.

8.4 FURTHER CONDITIONS. Notwithstanding anything to the contrary contained in this Agreement, no sale or exchange of an interest in the Company may be made if the interest sought to be sold or exchanged, when added to the total of all other interests sold or exchanged within the period of twelve (12) consecutive months prior thereto, results in the termination of the Company under the provisions of Section 708 of the Code without the prior written Unanimous Consent of the Members, which consent may be withheld or delayed in their sole discretion.

ARTICLE IX

DISSOLUTION AND TERMINATION

9.1 DISSOLUTION. The Company shall be dissolved upon the occurrence of any of the following events:

(a) the written Unanimous Consent of Members;

(b) the entry of a decree of judicial dissolution under Section 702 of the Act; or

(c) upon the sale of all of the Property.

9.2 DISTRIBUTION OF ASSETS UPON DISSOLUTION. In settling accounts after dissolution, the liabilities of the Company shall be entitled to payment in the following order:

(a) liabilities to creditors including Members who are creditors to the extent otherwise permitted by law, other than liabilities for distributions to Members;

(b) reasonable reserves as determined by the Members; and

(c) liabilities to Members of the Company in accordance with Section 6.2 provided, however, that no Member shall receive distributions in excess of such Member's positive Capital Account balance after its Capital Account has been adjusted to reflect all allocations of income, gain, loss and deductions attributable to the Dissolution Event pursuant to Section 9.1.

9.3 WINDING UP. Except as provided by law, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contribution. If the Property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the Capital Contribution of each Member, such Member shall have no recourse against any other Member. The winding up of the affairs of the Company and the distribution of its assets shall be conducted exclusively by the Members, who

are hereby authorized to take all actions necessary to accomplish such distribution including, without limitation, selling any Company assets the Members deem necessary or appropriate to sell.

9.4 CERTIFICATE OF CANCELLATION. Within ninety (90) days following the dissolution and commencement of winding up of the Company, or at any time there are no Members, Certificate of Cancellation shall be executed and filed pursuant to Section 42:2B-15 of the Act, and shall contain the information required by Section 42:2B-14 of the Act.

ARTICLE X

FINANCIAL STATEMENTS, BOOKS, RECORDS, TAX RETURNS, ETC.

10.1 BOOKS OF ACCOUNT. The Members, at the expense of the Company, shall maintain, at the principal office of the Company, complete books of account, in which there shall be entered, fully and accurately, every transaction of the Company and shall include the following:

(a) A current list of the full name and last known business address of each Member;

(b) A copy of the Certificate of Formation of the Company and all amendments thereto;

(c) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years; and

(d) Copies of the Company's currently effective written Agreement and copies of any financial statements of the Company for the three most recent years. The fiscal year of the Company shall be the calendar year. The books of account of the Company shall be kept on a tax accounting basis applied in a consistent manner. All determinations by the TMM (defined in Section 10.5 below) with respect to the treatment of any item or its allocation for Federal, state, or local tax purposes shall be binding upon all of the Members. Any Member shall have the right, from time to time, at its own expense, to cause its accountants and representatives to examine and audit the books and records of the Company, and the Members upon not less than five days' written notice shall make such books and records available for such examinations and audits at reasonable hours during business days.

10.2 FINANCIAL STATEMENTS AND REPORTS. The Company shall cause the Accountants to furnish each Member with a balance sheet and an annual statement of the Company's income and expenses for such year, and the Capital Account of each Member as of the end of such year, no later than one-hundred twenty (120) days after the close of the fiscal year of the Company. The report shall contain a balance sheet as of the end of the fiscal year, an income statement and a statement of Members' equity and changes in financial position for the fiscal year. The Company shall send to each Member such information and reports as are reasonably requested by such Member in order to enable them to more effectively manage their respective Interests and be fully informed about the affairs of the Company.

10.3 RETURNS AND OTHER ELECTIONS. The Members shall at the expense of the Company cause the Accountant to prepare and timely file all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

10.4 ELECTION UNDER SECTION 754 OF THE CODE. In the event of any transaction described in Section 743(b) of the Code and permitted by the provisions of this Agreement, the Company shall, upon the timely written request of the person succeeding to an Interest in the Company in such transaction, make the election provided for in Section 754 of the Code or a similar provision enacted in lieu thereof, to adjust the basis of the Property of the Company. The Member requesting said election shall pay all costs and expenses incurred by the Company in connection therewith.

10.5 TAX MATTERS MEMBER. MCHP is hereby designated the Tax Matters Member (the "TMM") of the Company for purposes of Chapter 63 of the Code and the Treasury Regulations thereunder.

(a) Each Member shall furnish the TMM with such information as the TMM may reasonably request to permit it to provide the Internal Revenue Service with sufficient information to allow proper notice to the parties in accordance with Section 6223 of the Code.

(b) No Member shall file, pursuant to Section 6227 of the Code, a request for an administrative adjustment of company items for any Company taxable year without first notifying the other Members. If the other Members agree with the requested adjustment, the TMM shall file the request for administrative adjustment on behalf of the Company. If the Members do not reach agreement within 30 days or within the period required to timely file the request for administrative adjustment, if such period is shorter, any Member may file a request for administrative adjustment on its own behalf. If, under Section 6227 of the Code, a request for administrative adjustment which is to be made by the TMM must be filed on behalf of the Company, the TMM shall also file such a request on behalf of the Company under the circumstances set forth in the preceding sentence.

(c) If any Member intends to file a petition under Section 6226 or 6228 of the Code with respect to any company item or other tax matter involving the Company, the Member so intending shall notify the other Members of such intention and the nature of the contemplated proceeding. Such notice shall be given in a reasonable time to allow the other Members to participate in the choosing of the forum in which such petition will be filed. If the Members do not agree on the appropriate forum, the petition shall be filed with the United States Tax Court. If any Member intends to seek review of any court decision rendered as a result of the proceeding instituted under the preceding part of this subsection, such party shall notify the others of such intended action.

(d) The TMM shall not bind the other Members to a settlement agreement without the approval of a majority in interest of the Members. If any Member enters into a settlement agreement with the Secretary of the Treasury with respect to any Company items, as defined by Section 6231(a)(3) of the Code, it shall notify the other Members of such settlement agreement and its terms within thirty days from the date of settlement.

ARTICLE XI

INSURANCE

11.1 MINIMUM INSURANCE REQUIREMENTS.

(a) The Company shall carry and maintain in force the following insurance, the premium for which shall be a cost and expense of the Company:

(i) Worker's Compensation Insurance (including Employee's Liability Insurance for an amount not less than $500,000) covering all employees of the Company, if any, employed in, on or about the Property of the Company to provide statutory benefits as required by the laws of the State of New York;

(ii) Comprehensive General Liability Insurance (including protective liability coverage on operations of independent contractors engaged in construction and also blanket contractual liability insurance) for the benefit of the Company and the Members as named insureds against claims for "personal injury" liability including, without limitation, bodily injury, death or property damage liability with a limit of not less than $10,000,000 in the event of "personal injury" to any number of person or of damages to property arising out of any one occurrence; such insurance may be furnished under a "primary" policy and an "umbrella" policy.

(iii) Except to the extent provided by a contractor and provided that the Company is listed as an additional insured, all Risks Builder's Risk Insurance on any new construction, including coverage against collapse, written on a completed value basis in an amount not less than the total value of the improvements under construction (less the value of such of the Improvements as are uninsurable under the policy, i.e., site preparation, grading, paving, parking lots, excepting, however, foundations and other under-surface installations subject to collapse or damage by other insured perils) including, if applicable, the coverage available under the so-called Installation Floater, all in form and amount as may from time to time be required by any mortgagee of any improvements under construction;

(iv) To the extent not provided by tenants that occupy the Property and provided that the Company is named as an additional insured, Fire, Extended Coverage and Vandalism and Malicious Mischief Insurance on the completed improvements in an amount not less than the balance of any institutional mortgages on the Property or such other amount (at no time, however, less than the principal balance secured by said mortgages) as may be required to prevent the Company and the Members from becoming co-insurer under the terms of the applicable policy, but in any event, in an amount not less than 90% of the then actual replacement cost of the improvements (exclusive of excavation and foundation costs and costs of underground tanks, conduits, pilings and other similar underground items) without deduction for physical depreciation thereof; such insurance on the completed improvements shall contain the "Replacement Cost Endorsement";

(v) To the extent not provided by the tenants who occupy the and provided that the Company is named an additional insured, in the event that such equipment is

installed in the improvements, boiler and machinery equipment insurance in the amount of $200,000 or such greater amount as approved by the Members covering boilers, pressure vessels, pressure piping, all major components and of any central air-conditioning or heating system and such additional equipment as Approved by the Members at any time;

(vi) If the improvements are situated in an area now or subsequently designated as having special flood hazards as defined by the Flood Disaster Production Act of 1973, as amended from time to time, flood insurance in an amount equal to the replacement cost of the improvements or the maximum amount of flood insurance available, whichever is the lesser; and

(vii) Such other insurance or such additional coverage, including, but not limited to, insurance on rental income, as may be Approved by the Members or required by the holder of any mortgage covering the improvements or any governmental authorities.

(b) All such policies of insurance shall be delivered to the Company and shall name the Company as named insureds as their respective interests may appear. Any such insurance may be effected under blanket policies, and as to any such insurance so effected certificates of such insurance may be delivered to the Company in place of policies thereof. All such insurance shall be effected under policies issued by insurers Approved by the Members, shall be in forms and for amounts approved by the Members, and shall be in compliance with applicable laws and loan documents.

ARTICLE XII

BUY-SELL

12.1 BUY-SELL.

(a) In the event that the Members, despite good faith efforts, cannot agree with respect to any Major Decision, either Member may deliver a written notice to the other (the "Impasse Notice"), which Impasse Notice shall specify the matter upon which the Members cannot agree and shall summarize the position of the Member delivering the Impasse Notice with respect thereto. No less than thirty (30) days following delivery of the Impasse Notice, in the event that the Members continue to be unable to agree as to the matter set forth in the Impasse Notice, either Member, so long as it is not then in default hereunder (the "Initiating Member"), may give the other Member (the "Responding Member") a written notice (the "Buy-Sell Notice") setting forth the all-cash price (the "Price") which the Initiating Member would be willing to pay for the Property and all other Company assets, which Price shall be based upon bona fide written evidence (the "Buy-Sell Backup"), such as a fully executed letter of intent, of the verifiable terms and conditions of an arms-length transaction with a bona fide third party. No Member may deliver a Buy-Sell Notice unless such Buy-Sell Notice shall also (i) contain a statement of the amount of cash (the "Interest Price") which would be received by each Member if the Property and all other Company assets were sold at the Price and on such other terms and conditions as are set forth in the Buy-Sell Notice and the Net Proceeds (calculated assuming that it is necessary to

repay all Company indebtedness) of such sale were distributed to the Members pursuant to this Agreement; and (ii) be accompanied by the Buy-Sell Backup upon which the Price and the Interest Price set forth in the Buy-Sell Notice are based. The Responding Member will be required no later than 120 days after the receipt of the Buy-Sell Notice (the "120-day Period") either to elect to purchase the Initiating Member's Interest at the Interest Price of the Initiating Member, or to sell its own Interest to the Initiating Member at the Interest Price of the Initiating Member. Failure by the Responding Member to deliver written notice of such election within the 120-day Period shall constitute an election by the Responding Member to sell its Interest in the Company to the Initiating Member; PROVIDED, HOWEVER, that the 120-day Period shall be tolled for a period not to exceed the earlier to occur of (a) the issuance of the Independent Appraiser's (as defined below) report or (b) sixty (60) days, in the event that the Responding Member properly exercises its right to seek an appraisal pursuant to SECTION 12.1(E). Notwithstanding the foregoing, in the event that the impasse over a Major Decision is caused by Columbia's disapproval of the equity contribution required from the Company pursuant to the transaction proposed by MCHP, then Columbia, within thirty (30) days from its receipt of an Impasse Notice from MCHP, shall have the right to

deliver to MCHP a written notice of Columbia's disapproval of such equity contribution requirements (the "Disapproval Notice"). MCHP, upon receipt of such Disapproval Notice within the requisite thirty (30) day period, shall, for a period of sixty (60) days from MCHP's receipt of the Disapproval Notice, and prior to delivering a Buy-Sell Notice to Columbia, use good faith efforts to assist Columbia in obtaining market rate financing for Columbia's portion of the equity contribution required from the Company pursuant to the transaction proposed by MCHP; PROVIDED, HOWEVER, that MCHP's failure to obtain such financing on behalf of Columbia shall not limit MCHP in the timely exercise of its rights as set forth herein.

(b) Upon the making (or deemed making) of the election to buy or sell by the Responding Member, the Members shall be deemed to have entered into a binding agreement for the sale and purchase of the Property and the selling Member's Interest in the Company. Within ten (10) days of the Initiating Member's receipt of the Responding Member's election notice (or after the expiration of the 120-day Period if no election notice was given), the Members shall select a mutually acceptable closing date, which shall be a date not more than thirty (30) days thereafter.

(c) At the closing, the selling Member shall execute such instruments and documents in form and substance as are reasonably acceptable to counsel to the purchasing Member and as are necessary or appropriate to transfer the interest of the selling Member in the Company to the purchasing Member (or its designee) free and clear of all liens, claims and encumbrances (other than those created thereon in order to secure any indebtedness of the Company), and to withdraw from the Company, against receipt by the selling Member, in good funds, of the Interest Price of the selling Member and releases and/or indemnifications provided below, and the selling Member shall thereafter have no further right, title or interest in the Company, the Real Property, or any other assets of the Company.

(d) Intentionally Deleted.

(e) In the event that the Responding Member disagrees with the Initiating Member's calculation of the Price and/or the Interest Price, the Responding Member shall have the right within thirty (30) days after its receipt of the Initiating Member's Buy-Sell Notice, to demand in writing that the Price and/or the Interest Price be determined by three (3) disinterested independent appraisers. One such appraiser shall be chosen by the Initiating Member who shall bear the cost of such appraiser. The second appraiser shall selected by the Responding Member who shall bear the cost of such appraiser. The third appraiser (the "Independent Appraiser") shall be chosen by the two appraisers previously chosen by the parties and the cost of such Independent Appraiser shall be shared equally by the parties. The calculation of the Independent Appraiser shall be based solely upon the information set forth in the Buy-Sell Backup; and shall be binding upon the Members unless (i) the Independent Appraiser's calculation of the Price and/or the Interest Price differs from the Initiating Member's calculation by less than two percent (2.0%), or (ii) the Independent Appraiser's written report is not delivered to the Members within sixty (60) days from the date the Responding Member demands that the Price and/or the Interest Price be determined by the appraisal method set forth above, in either of which events the Initiating Member shall have the right to select the Price and/or Interest Price to be used herein.

(f) In the event that the Responding Member disputes only the Initiating Member's calculation of the Interest Prices, then such dispute shall be resolved by a single arbitrator, which shall be one of the "big 6" accounting firms, pursuant to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

(g) A Member's failure to close as set forth above shall constitute a default under this Agreement, which default shall entitle the non-defaulting Member to any and all remedies available at law or in equity, including, without limitation, specific performance.

(h) Notwithstanding anything herein to the contrary, in the event that MCHP is the Initiating Member at any time during the first three (3) years from the date hereof, Columbia shall have the right, within seventy-five (75) days from receipt of MCHP's Buy-Sell Notice, to remit to MCHP all Capital Contributions made by MCHP, in which event MCHP shall immediately withdraw from the Company and shall be released from any and all Losses arising under or relating to this Agreement from and after the date of such withdrawal.

ARTICLE XIII

MISCELLANEOUS

13.1 NOTICES. Any notice, demand, election or other communication (hereinafter called a "notice") that, under the terms of this Assignment or under any statute, must be or may be given by the parties hereto shall be in

writing and shall be given by mailing the same by

certified or registered mail, return receipt requested, postage-prepaid, by hand delivery or by reputable overnight courier, addressed as follows:

To MCHP:

c/o Mack-Cali Realty Corporation
11 Commerce Drive
Cranford, New Jersey 07016
with separate notices to:
Attention: Thomas Rizk, Chief Executive Officer,
and Roger W. Thomas, Esq., General Counsel
and Executive Vice President
Fax No.: (908) 272-6755
Tel. No.: (908) 272-8000

with a copy to:

Pryor, Cashman, Sherman & Flynn
410 Park Avenue
New York, New York 10022
Attention: Andrew S. Levine, Esq.
Fax No.: (212) 326-0806
Tel. No.: (212) 326-0425

To Columbia:

Columbia Development Company, LLC
30 Montgomery Street
Jersey City, New Jersey 07302
Fax No.: (201) 938-1503
Tel. No.: (201) 798-2500
Attn.: Joseph A. Panepinto and
Peter G. Mangin

with a copy to:

Schumann, Hanlon, Doherty, McCrossin & Paolino
30 Montgomery Street
Jersey City, New Jersey 07302
Attention: Eugene T. Paolino, Esq.
Fax No.: (201) 434-3956
Tel. No.: (201) 434-2000

All copies of notices to be sent to any party hereunder shall be sent in the same manner as required for notices. Either party may designate, by notice in writing to the other, a

new or other address to which notices shall thereafter be given. Any notice given hereunder (other than a notice of a new address or additional address for notice purposes) shall be deemed given (i) when hand delivered, upon receipt; (ii) when mailed, four (4) business days after being deposited with the United States Postal Service; (iii) when overnighted, one (1) business day after being deposited with an overnight courier service as hereinabove provided. Any notice of a new or additional address for notice purposes shall be deemed given on the date upon which the same is received by the addressee thereof. Counsel for any Member shall be authorized to send notices on behalf of such Member.

13.2 COMPLETE AGREEMENT; INTEGRATION. This Agreement fully sets forth all of the agreements and understandings of the parties with respect to the Company and supersedes any prior agreements of the parties. There are no representations, agreements, arrangements or understandings, oral or written, among the parties relating to the subject matter of this Agreement which are not expressly set forth herein.

13.3 OTHER INTERESTS OF THE MEMBERS. Any Member, as well as any of its Affiliates, may engage in and possess an interest in other business ventures of every nature and description, independently or with others, including the real estate business in all its aspects, and neither the Company nor any other Member shall have any rights in and to such independent ventures or the profits, losses, income or distributions derived therefrom, including, without limitation, the development of a multi-tower office, retail hotel and/or residential complex on the Harborside site by CHFA or its designee.

13.4 LIMITATION ON MEMBER LIABILITY. The Members shall not have any liability for the obligations or liabilities of the Company except to the

extent expressly provided in the Act.

13.5 AMENDMENTS. This Agreement may be amended only upon the Unanimous Consent of the Members.

13.6 SEVERABILITY. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, the applicable laws, ordinances, rules and regulations of the jurisdictions in which the Company engages in business. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent, be held to be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected, but rather shall be enforced to the full extent permitted by law.

13.7 RATIFICATION. Each person who becomes a Member in the Company after the execution and delivery of this Agreement shall, by becoming a Member, be deemed thereby to ratify and agree to all prior actions taken by the Company and the Members.

13.8 BINDING UPON SUCCESSORS. This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators,

successors and permitted assigns. This Agreement shall become effective upon its execution and delivery by the Members.

13.9 RIGHTS OF THIRD PARTIES. None of the provisions of this Agreement shall be construed as having been made for the benefit of any creditor of either the Company or any of the Members, nor shall any of such provisions be enforceable (except as otherwise required by law) by any person not a party hereto.

13.10 GOVERNING LAW. Irrespective of the place of execution or performance, the validity and construction of this Agreement shall be governed by the laws of New Jersey.

13.11 CAPTIONS. The captions, headings and titles contained in this Agreement are solely for convenience of reference and shall not affect the interpretation of this Agreement or of any provision hereof.

13.12 AFFILIATE TRANSACTIONS. The Members shall not cause or permit the Company to enter into any agreement or arrangement with a Member or any Affiliate thereof, other than on commercially reasonable arms-length terms acceptable to the Members, which shall be entitled to prior notice of such agreements or arrangements and a copy of the applicable contract for review.

13.13 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall together constitute one instrument.

13,14 SENSE AND GENDER OF WORDS. All terms and words used in this Agreement, regardless of the sense or gender in which they are used, shall be deemed to include each other sense and gender unless the context requires otherwise.

13.15 VENUE AND JURISDICTION. The Members agree to be subject to the juris-diction of the courts of New Jersey and the Federal District Court for the State of New Jersey.

13.16 MEMBER'S REPRESENTATIVES. For the purposes of this Agreement, both Peter Mangin and Joseph A. Panepinto jointly shall be the Member's Representatives authorized to make decisions on behalf of Columbia and its transferees, successors and assigns, such that MCHP and its agents and employees shall be entitled to rely on decisions jointly made by Peter Mangin and Joseph A. Panepinto as binding upon Columbia, its transferees, successors and assigns. For the purposes of this Agreement, any duly elected officer or director of MCHP shall be the Member's Representative authorized to make decisions on behalf of MCHP, such that Columbia and its agents and employees shall be entitled to rely on decisions made by such officer or director as binding upon MCHP, it successors and assigns.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

M-C HARSIMUS PARTNERS L.P.

BY: MACK-CALI REALTY, L.P., ITS GENERAL PARTNER

By: Mack-Cali Realty Corporation, its General Partner

By:

Name:
Title:

COLUMBIA DEVELOPMENT COMPANY, L.L.C.
BY: COLUMBIA CHARTER GROUP, L.L.C.

By:

Name:
Title: Member

BY: ATLANTIS CHARTER COMPANY, L.L.C.

By:

Name:
Title: Member

EXHIBIT A

MEMBERS' INITIAL CAPITAL CONTRIBUTIONS

Each of MCHP and Columbia, shall make the following contributions as their initial Capital Contributions to the Company:

MCHP	$ 1,000.00
Columbia	1,000.00
Total	$ 2,000.00

EXHIBIT B

SCHEDULE OF ENCUMBRANCES

EXHIBIT C

MEMBERS' INTERESTS IN THE COMPANY PURSUANT TO SECTION 4.2

MCHP	50%
Columbia	50%
Total	100%

Exhibit 10.170

FIRST AMENDMENT TO CONTRIBUTION AND EXCHANGE AGREEMENT

This FIRST AMENDMENT TO CONTRIBUTION AND EXCHANGE AGREEMENT (the "FIRST AMENDMENT") is made this 8th day of June, 1998, by and between Pacifica Holding Company, a Colorado corporation ("PACIFICA") and Apollo Real Estate Investment Fund II, L.P., a Delaware limited partnership ("APOLLO RE II"; together with Pacifica, the "CONTRIBUTORS," and each individually the "CONTRIBUTOR"), Pacifica Holding Company, LLC, a Colorado limited liability corporation, Mack-Cali Realty, L.P., a Delaware limited partnership ("MCRLP") and Mack-Cali Realty Corporation, a Maryland corporation ("MACK-CALI").

RECITALS

A. The parties desire to amend the Contribution and Exchange Agreement dated March 25, 1998 (as amended hereby, the "AGREEMENT") to provide for, among other things, the fact that the Property known as "Pacifica Tech at Briargate" ("BRIARGATE") does not have an occupancy level sufficient for its value to exceed the construction loan thereon.

B. The parties further desire to equitably adjust the consideration paid, following completion of all transactions to effect proper apportionment of value to all of the Earnout Properties.

C. The parties have determined that the transactions contemplated hereby are in their respective best interests.

NOW THEREFORE, in consideration of $10.00, the mutual promises hereinafter set forth and other good and valuable consideration, the mutual receipt and legal sufficiency which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows. Capitalized terms not defined herein shall have the meaning set forth in the Agreement.

1. BRIARGATE. Prior to Closing, Briargate shall be conveyed to Apollo/Pacifica Tech at Briargate, LLC, a Delaware limited liability company ("TECH LLC"), which is solely owned by the Contributors. Following such conveyance and closing of all Properties other than Briargate, as used in the Agreement, the term "CLOSING" and "CLOSING DATE," solely with respect to Briargate, shall be deemed to apply to the date and time when the Contributors assign to MCRLP all of their interests in Tech LLC. The Closing Date for all of the Earnout Properties except Briargate shall occur simultaneous with the date of this First Amendment. The NOI for Briargate shall not be included in the calculation of the Earnout Consideration paid on the Closing Date for all of the Earnout Properties except Briargate. The Closing of Briargate shall occur on a date five business days following delivery of written notice from Contributors to MCRLP of the date on which the occupancy level of Briargate is 55% and all other conditions of the Agreement relating to leasing requirements necessary to attain a valid occupancy level, including, without limitation, the obligation to deliver tenant estoppel certificates, have been satisfied by Contributors.

1. PAYMENT OF EARNOUT CONSIDERATION AND EARNOUT ADDITIONAL CONSIDERATION - BOMBARDIER REPAYMENT OBLIGATION. Due to the fact that Earnout Consideration and Earnout Additional Consideration is calculated on the basis of the average total occupancy of the Earnout Properties, and thus more consideration will be paid for certain Properties than others, because the occupancy level may be higher at the time Earnout Additional Consideration is paid or because certain Properties' rental rates are higher or lower than others, the parties agree to the following: upon the earlier of (i) expiration of the Earnout Period, (ii) the date when the average occupancy level of the Earnout Properties equals 95%, (iii) the payment by MCRLP of total Earnout Consideration and Earnout Additional Consideration equal to $57,000,000.00, or (iv) the funding by MCRLP of 95% of the projected aggregate value for the Earnout Properties following initial lease-up, the parties shall adjust the Earnout Consideration and the Earnout Additional Consideration in order to reconcile all Earnout Consideration and Earnout Additional Consideration paid so that the total consideration for each of the Earnout Properties is based on the NOI for each Earnout Property at a 95% occupancy level (the "ADJUSTMENT"), subject to other prorations, credits and charges set forth in the Agreement. In addition to the other requirements set forth in the Agreement, no Earnout Additional Consideration shall be paid to Contributors until (A) as to the tenants listed on Exhibit A, estoppels are delivered to MCRLP showing that, (i) all tenant improvements that Apollo is obligated to complete (including any punch list items in excess of $1,000 in the aggregate) have been completed and all contributions by Apollo with respect to tenant improvements have been paid as required under the applicable lease, (ii) all rent is being paid on a current basis, and (iii) no rent has been paid more than one month in advance (hereinafter an "EARNOUT ESTOPPEL"), and (B) as to any future tenant for whom

Earnout Additional Consideration is requested, estoppels are delivered to MCRLP substantially in the form attached to the Agreement as Exhibit 9.1.

If Bombardier, Inc. defaults under its lease beyond any applicable grace or cure period or terminates its lease due to a default by Contributors of their obligation to complete tenant improvements in accordance with the Bombardier, Inc. lease, then the Contributors shall repay to MCRLP any Earnout Consideration paid for the Bombardier, Inc. lease (the "REPAYMENT OBLIGATION"); provided, however, that the Repayment Obligation shall automatically terminate and expire if, prior to the date on which the Repayment Obligation would have otherwise arisen, either: (i) Bombardier, Inc. has delivered to MCRLP an Earnout Estoppel with respect to Phase II stating also that the current rent is not being subsidized and that it has accepted possession of the premises (but it need not have taken physical occupancy thereof) and that tenant finish improvements for the premises have been completed as required under its lease, or (ii) if the tenant finish improvements have not been completed, and Bombardier Inc. has paid full rent for the entire calendar year 1999 that is not subsidized by Contributors directly or indirectly (as evidenced by an estoppel certificate from Bombardier, Inc. reaffirming the lease and confirming the absence of any rent subsidy by Contributors) and Contributors have paid to MCRLP the amount necessary to complete the tenant finish improvements as required under the Bombardier, Inc. lease. If the Repayment Obligation is paid, Contributors shall have two years following the date thereof in which to re-lease the premises in accordance with the Agreement. Upon such reletting, MCRLP shall pay Contributors the Earnout Additional Consideration applicable thereto. If Bombardier, Inc. sets off any rent due for any period prior to termination of the

Repayment Obligation, Contributors shall repay the amount of such rent to MCRLP within 30 days thereafter.

Steve Leonard will, pursuant to a separate guaranty agreement of even date herewith, (a) guarantee payment of the Adjustment and payment of the items set forth in Section 14(a) of the Agreement and (b) guarantee the Repayment Obligation.

3. RESERVED AMOUNT ESCROW. The amount of $3.8 Million (the "RESERVED AMOUNT") shall be held in escrow by the Title Company to pay the Reserved Items set forth on Exhibit B. Amounts shall be released from the escrow by the Title Company and paid to Contributors or their designees upon the following conditions:

a. As to payments for completion of construction, Contributors shall present to the Title Company and MCRLP invoices and lien releases for the amount requested to be released from escrow;

b. As to lease commissions, Contributors shall present to the Title Company and MCRLP, invoices from the applicable broker or agent;

c. As to other operating expenses, capital expenses or other non-lienable expenses, Contributors shall present invoices to the Title Company and MCRLP.

d. In the event the tenant for whom construction and capital expenses are incurred objects to such work in writing or notifies MCRLP or the Contributors that such work is not proceeding under its lease, and the Contributors, after notice and a reasonable opportunity to cure tenant's objection, have failed to so cure, MCRLP shall be entitled to be paid funds from the Reserved Amount to complete such work to the tenant's reasonable satisfaction.

e. Any portion of the Reserved Amount remaining in escrow following payment and completion of all items on the schedule set forth on Exhibit B and following delivery to MCRLP of the Earnout Estoppels required hereinabove, shall be paid to Contributors.

4. PRORATED RENTS ESCROW. Due to the fact that the Closing is taking place on or about June 8, 1998, the parties have calculated a proration of base rents and operating expense pass-through payments based on the scheduled rents and payments due on the current rent roll. Contributors will not deposit any checks received by Apollo for the month of June, but, instead, shall promptly upon receipt send the original checks to MCRLP. At Closing, the parties shall calculate an amount which would have been credited to Contributors as of Closing if all of the rents for June, 1998 had been received by Apollo prior to Closing. However, Contributors shall not receive a credit on the settlement sheet, but MCRLP shall pay the amount of such proration to the Title Company as escrow agent (the "PRORATED RENTS ESCROW"). If by June 30, 1998, any of the scheduled rents for the month of June, 1998 have not been actually received by MCRLP, MCRLP may give written notice thereof to Contributors and the Title Company of the fact that

such rent has not been received, along with the amount of the proration for the then delinquent tenants for which MCRLP made a deposit into the Prorated Rents Escrow. Unless the Title Company receives written objection thereto from Contributors within three days after receipt of such claim from MCRLP, the Title Company shall pay to MCRLP from the Prorated Rents Escrow an amount equal to the prorated rent credit which would have been received by Contributors at Closing applicable to the then delinquent tenants and, thereafter, if such rent for the month of June is received by MCRLP for such tenant for whom MCRLP has been reimbursed from the Prorated Rents Escrow, MCRLP shall hold the prorated amount for such tenant in trust and shall promptly pay the same to Contributors. Any portion of the Prorated Rents Escrow which is not claimed by MCRLP by July 15, 1998 as a result of any rents not received by MCRLP during the month of June, 1998 shall immediately be paid to Contributors by the Title Company.

5. ESCROW MATTERS. All notices to the Title Company shall be made in writing and delivered by facsimile transmission to Ellie Matthew at 303-322-7603 with copies to the parties in the manner required in the Agreement. The Title Company shall only take action required hereunder if proof of copies of notice to the other party is provided by the party requesting payment and if no objection to payment is made by any other party within three business days following receipt of notice. If objection is made, the applicable funds shall be retained by the Title Company until it receives an instruction executed by the parties or a valid court order. The Title Company shall have the right to interplead any funds that are the subject of dispute into a court of lawful jurisdiction. The parties shall share equally all of the Title Company's costs and expenses (including reasonable attorneys fees) involving any matters related thereto.

6. JOINT AND SEVERAL. The obligations of Pacifica Holding Company and Apollo Real Estate Investment Fund II, L.P. hereunder shall be joint and several as principals and not at guarantors or sureties.

7. SERVICE CONTRACTS. The parties shall adjust and prorate for service contracts affecting the Properties following Closing.

8. MISCELLANEOUS. Except as set forth herein, all other provisions of the Agreement shall remain in full force and effect.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties set their hands this 8th day of June, 1998.

PACIFICA HOLDING COMPANY LLC, a Colorado limited liability company

By: _____
Name: Steve Leonard
Title: President

APOLLO REAL ESTATE INVESTMENT FUND II, L.P., a Delaware limited partnership

By: APOLLO REAL ESTATE ADVISORS II, L.P., its General Partner

By: APOLLO REAL ESTATE CAPITAL ADVISORS II, INC., its general partner

By: _____
Name: _____
Title: _____

PACIFICA HOLDING COMPANY, a Colorado corporation

By: _____
Name: Steve Leonard

Title: President

MACK-CALI REALTY, L.P., a Delaware limited partnership

By: MACK-CALI REALTY CORPORATION, a Maryland corporation, its general partner

By:

Name: Roger W. Thomas
Title: Executive Vice President

MACK-CALI REALTY CORPORATION, a Maryland corporation

By:

Name: Roger W. Thomas
Title: Executive Vice President

APOLLO/PACIFICA, LLC, a Delaware limited liability company

By:

Name: Steve Leonard
Title: Manager

AS TO PARAGRAPH 2:

Steve Leonard

AS TO PARAGRAPHS 3, 4 AND 5:
TITLE COMPANY - ESCROW AGENT
LAND TITLE GUARANTY CO.

By:

APOLLO/PACIFICA TECH AT BRIARGATE, LLC, a Delaware limited liability company

By:

Steve Leonard, Manager

EXHIBIT A

TENANTS

1. Sun Microsystems
2. First Tennessee Bank National Association
3. MultiFamily and Commercial Lending Corporation
4. Convergent Communications, Inc.
5. Ascend Communications, Inc.
6. Knowledge Development Centers
7. Bombardier (solely with respect to "Phase I" improvements)

Exhibit 10.171

AGREEMENT OF SALE

AGREEMENT made this day of January, 1998, by and between LANCER ASSOCIATES, L.L.C., a New Jersey limited liability company, having an office at 840 N. Lenola Road, Moorestown, New Jersey 08057 (hereinafter called "Seller"), and MACK-CALI REALTY, L.P., a Delaware limited partnership, having an office at 11 Commerce Drive, Cranford, New Jersey 07016 (hereinafter called "Purchaser").

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the mutual covenants hereinafter contained:

1. AGREEMENT TO SELL AND PURCHASE.

(a) Seller hereby agrees to sell and convey, and Purchaser hereby agrees to purchase, subject to the conditions set forth herein, those certain plots, pieces or parcels of land ("Land"), together with all buildings and improvements located thereon or to be constructed thereon, and any appurtenances or hereditaments appertaining thereto ("Improvements"), located in the Township of Moorestown, County of Burlington, State of New Jersey (hereinafter referred to as the "Premises"). The Land and Improvements constitute a portion of Lots 1, 2, 3 and 4, Block 300 on the current Township's Tax Map, and are more particularly described on Schedule "A" attached hereto and made a part hereof and cross-hatched on Schedule "A-1" attached hereto and made a part hereof.

(b) This sale includes, for no additional consideration, all of the right, title and interest, if any, of Seller in and to the following:

(i) All fixtures, equipment and articles of personal property necessary or appropriate for the operation or use of the Premises, and any replacements or substitutions therefor and additions thereto ("Personal Property"), all trade names and fictitious names used by Seller in connection with the

Premises ("Names"), and all documents, records and books of account relating to the construction, ownership, leasing, operation, management, maintenance and/or financing of the Premises, which are in the possession or control of Seller ("Records"). All of said Personal Property, Names and Records shall be included in the deed of conveyance, Bill of Sale and/or assignments to be delivered at Closing (as hereinafter defined), as Purchaser may request;

(ii) Any land lying in the bed of any street, or road open or proposed in front of, adjacent to, or adjoining the Premises, to the center lines thereof, and any future award, if any, for damages to said Premises by reason of change of grade of any street and all rights of way appurtenant thereto ("Appurtenant Property"); and Seller shall execute and deliver to Purchaser, at Closing or thereafter, on demand, all proper instruments for the conveyance of such title and for the assignment and collection of any such award.

The Premises, together with the Personal Property, Names, Records and Appurtenant Property are referred to herein collectively as the "Property".

2. PURCHASE PRICE.

The purchase price to be paid by Purchaser to Seller is Three Million Six Hundred Fifty Thousand ($3,650,000.00) Dollars (herein called the "Purchase Price"), subject to adjustments and prorations described herein. The Purchase Price shall be payable by immediately available funds in accordance with wiring instructions of Seller. The Purchase Price shall be payable in full at Closing.

3. DEPOSIT.

(a) Upon the execution and delivery of this Agreement, Purchaser shall deliver to Escrow Agent (as hereinafter defined in Paragraph 3.(b) hereof) an irrevocable letter of credit in substantially the form of the letter of credit annexed hereto as Schedule "C" in the sum of One Hundred Thousand ($100,000.00) Dollars (the "Letter of Credit").

(b) The Letter of Credit shall be deposited with Archer & Greiner, Esqs., attorneys for Seller ("Escrow Agent"), and shall be held by Escrow Agent in accordance with the provisions of Paragraph 23 hereof, subject to the following terms:

(i) At Closing, the Letter of Credit shall be delivered to

Purchaser;

(ii) If this Agreement is terminated pursuant to its terms, or if this transaction otherwise does not close for any reason except for Purchaser's or Seller's default, the Letter of Credit shall be delivered immediately to Purchaser without application of Paragraph 23(f), (h) and (I) hereof;

(iii) If this Agreement is terminated due to Purchaser's default, the Letter of Credit shall be delivered immediately to Seller as liquidated damages pursuant to Paragraph 18 hereof subject to the terms of Paragraph 23 hereof; and

(iv) If this Agreement is terminated due to Seller's default, the Letter of Credit shall be delivered to Purchaser, subject to the terms of Paragraph 23 hereof.

4. CONSTRUCTION OF IMPROVEMENTS.

(a) Attached hereto and made a part hereof as Schedule "B" is a list of complete architectural drawings and specifications (the "Plans and Specifications") for the construction of Improvements on the Property. The Plans and Specifications shall be final and shall not be changed by Seller without the prior consent of Purchaser.

(b) Seller has advised Purchaser that it has commenced construction of the Improvements and covenants and agrees that it shall, promptly and with due diligence continue to construct the Improvements on the Property in accordance with the Plans and Specifications, including, without limitation, utility lines, drainage, lighting facilities, grading and paving, landscaping, approaches, entrances, exits, ramps, sidewalks, roadways, curb cuts, loading areas, platforms, service roads and all buildings required to be constructed pursuant to the Plans and

Specifications. The construction work shall be done in a first class, good and workmanlike manner and in compliance with all applicable laws, orders and regulations of federal, state, county and municipal authorities having jurisdiction. Seller, at its sole cost and expense, shall obtain or cause to be obtained all building permits, licenses, temporary and permanent certificates of occupancy and other governmental approvals which may be required to permit the construction of the Improvements in accordance with the Plans and Specifications and the use or occupancy thereof.

(c) Purchaser may, on reasonable prior notice to Seller, visit the job site to inspect the progress and performance of the work and the materials being incorporated into the Improvements.

(d) At least ten (10) days prior to Closing (as hereinafter defined) but not later than thirty (30) days after Substantial Completion (as hereinafter defined) of construction of the Improvements on the Property, Seller shall, at its sole cost, deliver to Purchaser an accurate "as built" survey of the Improvements certified to Purchaser and its designees by a duly licensed surveyor including the information set forth on Schedule "E", together with three (3) sets of "as built" plans of the Improvements, including, without limitation, architectural and mechanical plans.

(e) Seller shall, at its own expense, maintain or cause to be maintained in force a policy or policies of insurance written by one or more responsible insurance carriers acceptably rated by national rating organizations insuring against liability for bodily injury, death and property damage of any person or persons in connection with construction work to be performed pursuant to this Agreement, with minimum limits as set forth below:

(A) Worker's Compensation: Statutory Limits.

(B) Employer's Liability: $100,000.00.

(C) Comprehensive General Liability covering the following:

(1) Bodily injury, death and property damage having a combined single limit of liability of not less than Two Million ($2,000,000.00) Dollars;

(2) Owner's Protective Liability: $1,000,000.00 per occurrence;

(3) Products Completed Operations Coverage: (to be kept in effect for two (2) years after completion);

(4) "XCU" Hazard Endorsement, if applicable;

(5) "Broad Form" Property Damage Endorsement;

(6) "Personal Injury" Endorsement;

(7) Contractual Liability Endorsement.

Such policy or policies shall provide, among other things, that the insurer(s) specifically recognize and insure the obligations undertaken by Seller pursuant to this Agreement and shall name Purchaser as an additional insured. Seller shall deliver a certificate of insurance evidencing the existence in force of such policy or policies of insurance. Such certificate shall provide that such insurance will not be canceled or materially amended unless twenty (20) days prior written notice is given to Purchaser.

(f) Seller covenants and agrees, at its sole cost and expense, to promptly make, or cause to be made, all repairs and replacements to the applicable work arising from defective labor and/or materials during the period commencing on final completion of such Improvements and terminating on the date which is one (1) year therefrom.

(g) Seller shall give Purchaser at least sixty (60) days prior notice of the date of Substantial Completion (the "Substantial Completion Notice").

5. TITLE.

(a) Seller shall convey title to the Property and Purchaser shall accept Marketable Title (as hereinafter defined), subject only to the encumbrances set forth on Schedule "D" ("Permitted Encumbrances"). Marketable Title shall mean that fee title to the Property is vested in Seller and shall be insured as such by a title company selected by Purchaser (herein referred to as the "Title Company") at standard rates; and that Purchaser shall not incur any damage, cost or expense resulting from any encroachment or overlap affecting the Property. Title Company shall certify that Seller has the right, authority and power to enter into and to perform its obligations hereunder. The legal description in the Binder (as hereinafter defined) and in the Deed (as hereinafter defined) shall be in accordance with a current survey showing the completed Improvements satisfactory to Title Company and Purchaser.

(b) Purchaser has received a title insurance binder (herein referred to as the "Binder"), a copy of which has been delivered to Seller. Prior to the expiration of the Due Diligence Period (as hereinafter defined), Purchaser shall deliver to Seller's attorney notice of any objections to title which are not Permitted Encumbrances. After the execution hereof, no further liens, encumbrances, easements or restrictions shall be created or filed ("Subsequent Encumbrances") on or with respect to the Property. The Binder, at the request of Purchaser, shall contain the following endorsements so that at Closing, Title Company will issue an Owner's Policy of Title Insurance (American Land Title Association Owner's Policy - 1992, or equivalent, in Purchaser's sole judgment), in the full amount of the Purchase Price (the "Title Policy"):

(i) a zoning endorsement certifying that the Property is not subject to any ordinance, regulation or restriction which in any way would prohibit or restrict the construction, maintenance and/or use of the insured Property for its present use;

(ii) an endorsement insuring contiguity between or among all of the tracts or parcels of land comprising the Property;

(iii)an endorsement deleting any coverage exclusions with respect to creditor's rights; and

(iv) an endorsement affirmatively insuring access to public streets, highway and roadways.

If the Binder discloses any exceptions, liens, encumbrances, defects or objections other than the Permitted Encumbrances or if, after execution hereof, a Subsequent Encumbrance shall be placed against the Property or if the Title Company is unable to issue the endorsements (herein collectively called the "Title Defect(s)"), then Purchaser shall have the right to: (i) require Seller to use best efforts to cure any such Title Defects (except that Seller shall be obligated to cure any Title Defects which can be removed solely by the payment of a sum of money); (ii) attempt to cure any such Title Defect; (iii) accept such title as Seller shall be able to convey and proceed to Closing without reduction in the Purchase Price; (iv) cause a title report and title insurance policy to be issued by another title company without such Title Defect; (v) elect not to purchase the Property and declare this Agreement null and void, whereupon Purchaser shall be entitled to the return of the Letter of Credit;

provided, however, if Seller gives notice to Purchaser within five (5) days after Purchaser's election under this subparagraph (v), that Seller intends to cure such Title Defects and thereafter cures such Title Defects in accordance with the terms of this Agreement within thirty (30) days after receipt of notice from Purchaser of its election under this subparagraph (v), then Purchaser's notice of termination shall be deemed negated and the transaction contemplated by this Agreement shall proceed pursuant to the terms of this Agreement. The right of Purchaser to terminate this Agreement may be exercised following the exercise of its other rights hereunder.

(c) If at Closing there are liens or encumbrances against the Property other than Permitted Encumbrances, Seller

may use any portion of the Purchase Price to satisfy same, provided Seller, at Closing, either shall: (1) deliver to Purchaser instruments in recordable form sufficient to satisfy such liens or encumbrances of record, together with the cost of recording or filing said instruments; or (2) deposit with Title Company sufficient monies acceptable to Title Company to insure obtaining and recording of such satisfactions and the issuance of a Title Policy for the Property to Purchaser free and clear of any such liens or encumbrances, but only to the extent that such liens or encumbrances are in favor of and held by institutional lenders. The existence of any such liens or encumbrances shall not be deemed objections or exceptions to title if Seller shall comply with the foregoing requirements.

(d) If a search of title discloses judgments, bankruptcies or other returns against other persons or entities having names the same as or similar to that of Seller or any predecessor in title, Seller, on request, shall deliver to Title Company, an affidavit showing that such judgments, bankruptcies or other returns are not against Seller or such predecessors in interest of Seller.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) Seller acknowledges that all representations and warranties set forth in this Agreement presently are true and accurate and shall remain true and accurate as of the Closing Date, it being acknowledged that Purchaser is relying on all of said representations and warranties, and that each of the representations and warranties set forth in this Agreement is of the essence hereof, notwithstanding any investigation, review, examination or other acts or conduct of Purchaser, its agents or representatives relating to or in connection with, any representation or warranty contained in this Agreement. In addition to any other representations, warranties and/or covenants contained in this Agreement, Seller makes the following additional representations, warranties and/or covenants:

(A) Seller has delivered to Purchaser true, correct and complete copies of any applicable certificate of incorporation, certificate of formation, certificate of limited partnership, trade name certificate, Shareholders' Agreement, Operating Agreement, Limited Partnership Agreement, Partnership Agreement, Trust Agreement, By-Laws and all other governing documents of Seller and each participant of Seller (referred to herein singularly and collectively as "Organizational Document(s)");

(B) Seller is duly organized, validly existing and in good standing in its state of formation and is in good standing in New Jersey, has the right and authority to execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing this Agreement and all other applicable documents on behalf of Seller have the right, power and authority to do so. Seller shall provide Purchaser true copies of its authority and appropriate resolutions ("Seller Resolutions") ratifying Seller's entering into this Agreement, and authorizing Seller's sale of the Property to Purchaser in accordance with the terms of this Agreement;

(C) Seller owns and shall convey to Purchaser the Premises and the fixtures, Personal Property, Names and Records, free and clear of all liens and encumbrances, except for the Permitted Encumbrances;

(D) Seller has no knowledge of and has not received any notice(s) of, any violations of law, code, ordinances, rule, regulation or requirements noted in or issued by any governmental department having authority with respect to the Property, except as otherwise provided herein. Seller shall deliver to Purchaser true copies of any such notice(s) received after the date hereof, forthwith on receipt thereof, and each such notice shall be complied with by Seller, at its sole cost and expense, prior to Closing, or as otherwise agreed upon between the parties;

(E) Schedule "F" annexed hereto and made a part hereof contains a complete and accurate statement of all tenants who have entered Leases, whether or not they are occupying space at the Property as of the date of this Agreement ("Tenant(s)"), each of whom has entered into and/or will be in occupancy pursuant to a written lease agreement (referred to herein collectively as "Leases" and individually as a "Lease"). Schedule "F" contains: (i) the complete and accurate name of each Tenant; (ii) the commencement date of each Lease or the basis for determining same; (iii) the termination date of each Lease or the basis for determining same; (iv) the renewal, extension or other rights or options, if any, for existing, additional and/or other space granted by each Lease, and whether said rights or options have been exercised; (v) the initial base rent being paid or to be paid by each Tenant; (vi) the initial additional rent being paid or to be paid by each Tenant (itemized); (vii) the date the last base and additional rent were paid by each Tenant, if any, and the period covered by said payment; (viii) the amount of the security deposit being held or to be held by Seller, if any, for each Tenant and the amount of interest accrued thereon, if interest is required to be paid to any Tenant; (ix) any future concession, rebate, allowance, free rent period or other considerations; (x) any right of each Tenant to purchase or acquire an ownership interest in all or any portion of the Property; and (xi) any breach or default by landlord or Tenant in accordance with the provisions of subparagraph (G) below. There are no tenants, licensees, concessionaires or other occupants or persons with the right of occupancy of any portion of the Property except for Tenants set forth on Schedule "F". At the Closing, Seller will assign to Purchaser, and Purchaser will assume from Seller, all of Seller's interest in the Leases and the security deposits, by execution and delivery of the assignment and assumption of leases ("Assignment and Assumption of Leases") in the form annexed hereto and made a part hereof as Schedule "G". At the Closing, the parties agree to execute letters notifying all Tenants of the

sale of the Property to Purchaser ("Tenant Notice") in the form annexed hereto and made a part hereof as Schedule "H";

(F) True and complete copies of the Leases and all amendments or modifications thereto have been given to Purchaser for each Tenant listed on Schedule "F". There are no amendments or modifications to the Leases which have not been provided to Purchaser;

(G) The Leases are in full force and effect. Neither Seller nor, except as set forth on Schedule "F", any Tenant is in breach or default of its Lease obligations, and to the best of Seller's knowledge, nothing has occurred which, with the passage of time and/or with the giving of notice, might result in Seller or any Tenant being in breach or default of its Lease obligations;

(H) At the time of Closing, all obligations of Seller pursuant to the Leases with respect to performance of work or installation of equipment in all respects shall have been completed, subject to the terms of this Agreement;

(I) No Tenant is entitled to receive or has been offered or given any free rent, rent concessions, rebates, allowances or other considerations which would be effective for any period after the date of this Agreement, except as set forth in the Leases listed on Schedule "F," and no Tenant has made a claim for any of the foregoing, except as otherwise herein provided;

(J) To the best of Seller's knowledge, there are no claims, offsets or charges asserted by any Tenant against rent, security deposit or any other payment to be made by such Tenant;

(K) No person or entity, other than the aforesaid Tenants, has or shall have any right to use, utilize or occupy the Property or any part thereof, either as a tenant or otherwise;

(L) Seller shall obtain and deliver to Purchaser, on or before the Closing, a duly executed estoppel certificate ("Estoppel Certificate") in the form annexed hereto as Schedule

"I" dated not more than fifteen (15) days prior to Closing, from each Tenant;

(M) From and after the date of this Agreement, without Purchaser's prior consent, Seller shall not: (i) accept prepayment of rent more than one month in advance from any Tenant; (ii) grant any free rent, rent concession, rebate, allowance or other consideration; (iii) modify or amend any Leases; (iv) accept the surrender of any Leases; or (v) enter into any new leases or other occupancy, license or concession arrangements with Tenants or any other person or entity for the use of any portion of the Property;

(N) Except as otherwise provided herein in Schedule "J" annexed hereto, there are no brokerage commissions or other fees due in connection with the rental of any space at the Property, there will be no obligation for such commissions or fees due at the Closing, and there will be no obligations for such commissions or fees due after the Closing, including, without limitation, any obligation to pay commissions or fees in connection with the renewal or extension of the term of any Leases. All brokerage commissions in connection with the leasing of any space in the Property, whether due prior to Closing or thereafter, on account of the continued occupancy by any Tenant for the lease term in effect at Closing, shall be paid by Seller at Closing or allowed as a credit against the Purchase Price by Seller at Closing (in which event Purchaser shall pay such commissions in accordance with the provisions of the applicable brokerage agreements). All brokerage commissions in connection with the leasing of any space in the Property on account of any unexercised renewal, extension or taking of other space at the time of Closing shall be paid by Purchaser. Each party shall indemnify, defend and hold the other harmless from and against any and all costs and liabilities incurred by such party as a result of the falsity of the aforesaid representation or the breach of the aforesaid obligation;

(O) At Closing, Seller shall deliver to Purchaser an assignment (to the extent lawfully assignable) of all of its

right, title and interest in: (i) any existing Certificate of the Board of Fire Underwriters covering the Property; (ii) any permits or licenses it may have pertaining to the Property; (iii) all available site and building plans and specifications relating to the Property; and (iv) all available Certificates of Occupancy;

(P) All existing guarantees and warranties which Seller has received or will receive from contractors, subcontractors, manufacturers, materialmen, distributors, sellers or others, regarding all or any portion of the Property are set forth on Schedule "L" attached hereto and made a part hereof (together with any additional guarantees and warranties relating to the Property received after the date hereof, being collectively referred to herein as "Guarantees"). At Closing, Seller shall assign to Purchaser (to the extent the Guarantees are assignable) all of its right, title and interest in and to all Guarantees;

(Q) All service, maintenance, vending, concession, license, agency or other agreements affecting the Property or the operation thereof ("Contract(s)") will be in force at the Closing and a true and complete list of all Contracts are set forth on Schedule "M" annexed hereto and made a part hereof. True copies of all Contracts have been delivered to Purchaser or shall be delivered to Purchaser within ten (10) days of the date hereof. Any or all such Contracts, upon Purchaser's request, shall be assigned by Seller to Purchaser at Closing and all Contracts are cancelable on not more than thirty (30) days' notice. On request of Purchaser, Seller shall cancel any or all of such Contracts as of the Closing Date. Between the date hereof and the Closing, Seller shall not renew, extend, modify or terminate any of said Contracts or enter into any other contract and/or agreement affecting the Property or the operation thereof without the consent of Purchaser in each instance first being obtained. No party to any Contract is in breach or default thereunder, and to Seller's knowledge, nothing has occurred which

with the passage of time and/or with the giving of notice could constitute a breach or default thereunder;

(R) At the time of Closing there shall not be any, employment, collective bargaining or union agreements affecting the Property or the operation thereof or any deferred income or retirement plans in effect;

(S) There are no actions, suits, labor disputes, litigation or proceedings ("Action(s)") pending or, to the knowledge of Seller, threatened against or affecting Seller or the Property, the environmental condition thereof or the operation thereof at law or in equity or before any federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality, nor does Seller have knowledge of any basis for any such Action, which, if determined adversely to Seller, in any way would affect the Property or the operation thereof other than as set forth on Schedule "N" annexed hereto and made a part hereof. None of the Actions listed on Schedule "N" nor any subsequent Actions will be settled, either prior to or after Closing, without Purchaser's consent, nor will Seller take any material actions in connection therewith without first notifying Purchaser;

(T) Seller has not, nor prior to Closing shall: make a general assignment for the benefit of creditors; file a voluntary petition in bankruptcy; be by any court adjudicated a bankrupt; take the benefit of any

insolvency act; be dissolved or liquidated, voluntarily or involuntarily; or have a receiver or trustee appointed in any proceedings;

(U) Seller has no knowledge and has received no notice of any application for any zoning change or pending zoning ordinance or amendment, which would affect the Property;

(V) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Seller is a party or by which Seller is bound or as to which any of its assets is subject;

(W) Seller has not entered into any commitment or any agreement or understanding with any municipality, county, state or federal government agency or authority which would require the installation of any improvements or the incurring of any cost or expense affecting the Property or otherwise;

(X) Seller presently maintains and shall continue to maintain until Closing policies of insurance in accordance with Schedule "O" attached hereto and made a part hereof;

(Y) Seller has no knowledge of any Federal, State or local plans to change the highway or road system in the vicinity of the Property or to restrict or change access from any such highway or road to the Property or of any pending or threatened condemnation of the Property or any part thereof or of any plans for improvements which might result in a special assessment against the Property;

(Z) At Closing, no services, material or work have been supplied by Seller's contractors, subcontractors or materialmen with respect to the Property for which payment has not been made in full. If, subsequent to the Closing Date, any mechanic's or other lien, charge or order for the payment of money shall be filed against the Property or against Purchaser or Purchaser's assigns, based upon any act or omission, or alleged act or omission before or after the Closing Date, of Seller, its agents, servants or employees, or any contractor, subcontractor or materialmen connected with the construction and completion by Seller of improvements at the Property, or repairs made to the Property by or on behalf of Seller (whether or not such lien, charge or order shall be valid or enforceable as such), within ten (10) days after notice to Seller of the filing thereof, Seller shall take such action, by bonding, deposit, payment or otherwise, as will remove or satisfy such lien of record against the Property;

(AA) Seller has provided Purchaser with all reports and documents set forth on Schedule "P", which are all of the Environmental Documents (as defined in Paragraph 14.(e)(iv) hereof) in its possession or under its control related to the

physical condition of the Property. In addition, Seller has provided Purchaser with all books and records necessary for Purchaser to conduct its due diligence of the Property;

(BB) Seller has no knowledge of any notices, suits, investigations or judgments relating to any violations of any laws, ordinances or regulations affecting the Property, (including, without limitation, Environmental Laws [as defined in Paragraph 14.(e)(v) hereof]), or any violations or conditions that may give rise thereto, and has no reason to believe that any "Governmental Authority" (as defined in Paragraph 14.(e)(vi) hereof) contemplates the issuance thereof, and there are no outstanding orders, judgments, injunctions, decrees, directives or writ of any Governmental Authority against or involving Seller or the Property; and

(CC) Except as disclosed on Schedule "Q" attached hereto and made a part hereof:

(1) to the best of Seller's knowledge, there are no Contaminants (as defined in Paragraph 14.(e)(i) hereof) on, under, at, emanating from or affecting the Property, except those in compliance with all applicable Environmental Laws;

(2) Seller has not, nor to Seller's knowledge, has any current occupant and any prior owner or occupant, of the Property received any Notice (as defined in Paragraph 14.(e)(ix) hereof) or advice from any Governmental Authority or any other third party with respect to Contaminants on, under, at, emanating from or affecting the Property and, to Seller's knowledge, no Contaminants have been Discharged (as defined in Paragraph 14.(e)(ii) hereof) which would allow a Governmental Authority to demand that a cleanup be undertaken;

(3) no portion of the Property has ever been used by Seller or, to Seller's knowledge, any former owner or current or former occupant to generate, manufacture, refine, produce, treat, store, handle, dispose of, transfer or process Contaminants, whether or not any of those parties has received Notice or advice from any Governmental Authority or any other

third party with respect thereto in violation of Environmental Laws;

(4) no portion of the Property now is or, to Seller's knowledge, ever has been used as a Major Facility (as defined in Paragraph 14.(e)(vii) hereof) and Seller shall not use, nor permit use of any portion of the Property for that purpose;

(5) Seller has not transported any Contaminants, nor to Seller's knowledge has any current or former occupant or former owner transported Contaminants from the Property to another location which was not done in compliance with all applicable Environmental Laws;

(6) no Section 104(e) informational request has been received by Seller issued pursuant to CERCLA (as defined in Paragraph 14.(e)(i) hereof);

(7) to the best of Seller's knowledge, there is no asbestos or asbestos containing material in any friable state or otherwise in violation of Environmental Laws on the Property;

(8) to the best of Seller's knowledge, all transformers and capacitators containing polychlorinated biphenyls ("PCBs"), and all "PCB Items", as defined in 40 C.F.R. Section 761.3, located on or affecting the Property are identified in Schedule "S" and are in compliance with all Environmental Laws;

(9) to the best of Seller's knowledge, there are no above ground storage tanks or Underground Storage Tanks (as defined in Paragraph 14.(e)(xi) hereof) at the Property, regardless of whether such tanks are regulated tanks or not;

(10) to the best of Seller's knowledge, all pre-existing above ground storage tanks and Underground Storage Tanks at the Property have been removed and their contents disposed of in accordance with and pursuant to Environmental Laws;

(11) to the best of Seller's knowledge, the Property has not been used as a sanitary landfill facility as

defined in the Solid Waste Management Act, N.J.S.A. 13:1E-1 ET SEQ.;

(12) Seller and, to the best of Seller's knowledge, each occupant of the Property have all environmental certificates, licenses and permits ("Permit") required to operate the Property and there is no violation of any statute, ordinance, rule, regulation, order, code, directive, or requirement, including, without limitation, Environmental Laws, with respect to any Permit, nor any pending application for any Permit;

(13) to the best of Seller's knowledge, the Property is not subject to any wetlands regulations, administered by the United States of America, Army Corps of Engineers, the Environmental Protection Agency or NJDEP (as defined in Paragraph 14.(e)(viii) hereof);

(14) there are no federal or state liens as referred to under CERCLA or the Spill Act (as defined in Paragraph 14.(e)(i) hereof) that have attached to the Property;

(15) Seller in the past has not and does not now own, operate or control any Major Facility;

(16) Seller has not nor to the best of Seller's knowledge has Seller permitted any occupant to engage in any activity on the Property in violation of Environmental Laws;

(17) the Property is in material compliance with Environmental Laws; and

(18) to the best of Seller's knowledge, there are no engineering or institutional controls at the Property, including without limitation, any deed notice, declaration of environmental restriction, groundwater classification exception area or well restriction area pursuant to N.J.S.A. Section 13:1E-56 or N.J.S.A. 58:10B-13.

(b) Purchaser hereby represents, warrants and covenants the

following:

(A) Purchaser is a limited partnership of the State of Delaware, in good standing, has the right and authority to execute this Agreement and to consummate this transaction in accordance with the provisions hereof and all persons executing

this Agreement and all other applicable documents on behalf of Purchaser, have the right, power and authority to do so;

(B) The execution, delivery and performance of this Agreement in accordance with its terms does not violate any contract, agreement, commitment, order, judgment, decree, law, regulation or ordinance to which Purchaser is a party or by which it is bound or as to which any of its assets is subject; and

(C) Purchaser shall provide Seller true copies of authorization ("Purchaser's Authorization") authorizing or ratifying Purchaser's entering into this Agreement and authorizing Purchaser's purchase of the Property from Seller in accordance with the terms of this Agreement.

(c) In the event that either party knows or learns that any of the representations contained in this Agreement are false or no longer are true and accurate, such party forthwith shall deliver notice of such fact to the other party, and the other party shall proceed diligently to cure or remedy such misrepresentations. In the event that such misrepresentations cannot or shall not be cured within thirty (30) days following delivery of notice thereof, then the notifying party shall have the right either (i) to elect, nevertheless, to close title to the Property in accordance with the provisions of this Agreement, or (ii) to declare this Agreement null and void, by notice delivered to the non-curing party. The termination of this Agreement pursuant to this Paragraph 6 shall not release the misrepresenting party from any liability it may otherwise have to the other party by reason thereof.

(d) Whenever in this Paragraph 6, a representation and/or warranty is made to the knowledge of Seller, knowledge of Seller shall mean the actual knowledge of William G. Price, Jr. and/or John S. McGarvey, without any independent investigation other than reviewing the applicable representation and/or warranty.

(e) The representations and warranties made by Seller in Paragraphs 6(C), (E), (F), (H), (K), (N), (V), (W), (AA), (AB) and (AC) shall survive the Closing for the applicable statute of

limitations. The representations and warranties made by Seller in Paragraphs 6(A), (B), (D), (G), (I), (J), (L), (M), (O), (P), (Q), (R), (S), (T), (U), (X), (Y) and (Z) shall survive the Closing for a period of one (1) year; provided, however, that no claims for indemnification under Paragraphs 6(A), (B), (D), (G), (I), (J), (L), (M), (O), (P), (Q), (R), (S), (X), (Y), and (Z), with respect to a breach of any representation or warranty referred to above in this sentence may be maintained by Purchaser unless Purchaser shall have delivered notice to Seller specifying the nature of such claim, which notice shall be delivered on or before the date which is one (1) year after the Closing Date (the "Survival Date"). Upon the giving of such notice as aforesaid, Purchaser shall have the right to commence legal proceedings prior or subsequent to the Survival Date for the enforcement of its rights under this Agreement. The representations and warranties made by Purchaser in Paragraph 6 shall not survive the Closing.

7. LEASES AND TENANCIES.

(a) If any claim is made against Purchaser by any Tenant asserting an offset against rent or otherwise, including any rent over-charges or failure in construction or to provide services, with respect to any matter which arose prior to Closing, Seller shall indemnify and hold Purchaser harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Purchaser in connection thereof. After Purchaser shall receive notice of a claim that may give rise to an indemnity hereunder, Purchaser shall notify Seller; provided, however, the failure to give any notice shall not relieve Seller from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Purchaser with respect to which Seller may have liability under the indemnity agreement contained in this Paragraph 7.(a), the claim may, upon written agreement of Seller that it is obligated to indemnify against the particular claim under the indemnity agreement contained herein, be settled by

Seller with the prior written consent of Purchaser, which shall not be unreasonably withheld.

(b) Purchaser shall assume the Leases following the Closing and shall indemnify and hold Seller harmless for all losses, damages and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Seller arising from any claim by a Tenant in respect to any obligation to Tenant assumed by Purchaser or any advance rental credited to Purchaser. After Seller shall receive notice of a claim that may give rise to an indemnity hereunder, Seller shall notify Purchaser; provided, however, the failure to give any notice shall not relieve Purchaser from any liability hereunder unless such failure impairs the right to defend such action. In the event any claim is brought against Seller with respect to which Purchaser may have liability under the indemnity agreement contained in this Paragraph 7.(b), the claim may, upon written agreement of Purchaser that it is obligated to indemnify against

the particular claim under the indemnity contained herein, be settled by Purchaser with the prior written consent of Seller, which shall not be unreasonably withheld.

(c) Seller agrees not to apply or return any security deposit in whole or in part. At the Closing, Seller shall turn over to Purchaser all Tenant security deposits plus any interest earned thereon for the benefit of Tenant together with an updated Schedule "F". Seller shall indemnify Purchaser for any claims made, suits commenced or judgments entered in connection with the security deposits for the period through the Closing Date and Purchaser shall indemnify Seller for any claims made, suits commenced or judgments entered into in connection with all security deposits for the period subsequent to the Closing Date.

8. CLOSING.

(a) Closing shall occur at 10:00 a.m. at the offices of Cole, Schotz, Meisel, Forman & Leonard, P.A., Court Plaza North, 25 Main Street, Hackensack, New Jersey, on the date which is fifteen (15) days after satisfaction or waiver of all conditions and contingencies set forth herein, or at such other date, time and/or place as the parties may agree upon; provided, however, that if such date shall be a Saturday, Sunday or legal holiday, then Closing shall take place on the first business date thereafter (herein referred to as the "Closing" and the "Closing Date" respectively).

(b) At Closing, the following shall be executed and/or delivered:

(i) By Seller:

(A) The Deed [as hereinafter described in subparagraph (c)];

(B) Seller's certification that the representations and warranties set forth in this Agreement are true and accurate as of the Closing;

(C) Seller's affidavit of title, the form and substance of which shall be subject to the reasonable approval of Title Company and Purchaser's attorneys;

(D) Seller's Resolutions;

(E) Bill of Sale and/or assignments if so requested by Purchaser;

(F) The Assignment and Assumption of Leases together with schedules of security deposits paid by Tenants and any applications thereof made by Seller. At Closing, Seller shall pay to Purchaser by separate certified check or allow as a credit against the Purchase Price, the aggregate amount of all security deposits held under Leases;

(G) The original Leases and all amendments, modifications and guarantees thereto, and all brokerage commission agreements;

(H) The Tenant Notice(s) to Tenants;

(I) The Estoppel Certificates;

(J) Certification of non-foreign status in accordance with Internal Revenue Code Section 1445, as amended;

(K) Keys to all doors to, and equipment and utility rooms located in the Property, which keys shall be properly tagged for identification;

(L) An endorsement to all transferable insurance policies,if any, approved by Purchaser, naming Purchaser as the party insured, together with the original of each such policy;

(M) As-built plans and specifications in accordance with the provisions of Paragraph 4 and permanent certificates of occupancy for each building and improvement comprising a part of the Property;

(N) All original licenses and permits pertaining to the Property and required for the use or occupancy thereof together with a duly executed assignment thereof to Purchaser;

(O) True and complete Records;

(P) All Guarantees and Contracts, together with a duly executed assignment thereof to Purchaser;

(Q) ISRA Approval (as hereinafter defined in Paragraph 14.(a) hereof);

(R) Mutually satisfactory closing statement;

(S) The Guaranty in the form of Schedule "R" annexed hereto and made a part hereof;

(T) Such other items to be provided to Purchaser pursuant to this Agreement; and

(U) Such other instruments as reasonably may be required by Purchaser's counsel or the Title Company to effectuate this transaction.

(ii) By Purchaser:

(A) The Purchase Price;

(B) The Assignment and Assumption of Leases;

(C) Tenant Notices to Tenants;

(D) Mutually satisfactory closing statement;

(E) Such other items to be provided to Seller pursuant to this Agreement; and

(F) Such other instruments as reasonably may be required by Seller's counsel to effectuate this transaction.

(c) The deed ("Deed") to be delivered at Closing shall be a Bargain and Sale Deed with covenants against grantors' acts, in proper form for recording so as to convey to Purchaser good, marketable and insurable fee simple title to the Property in accordance herewith.

(d) The words "Closing", "title closing", "Closing of title", "delivery of deed" and words of similar import are used interchangeably in this Agreement, as the sense of text indicates, to mean the event of consummation of this sale in accordance with the terms of this Agreement.

9. CLOSING ADJUSTMENTS.

(a) The following are to be apportioned as of the Closing Date:

(i) real property taxes;

(ii) water rates and charges;

(iii) sewer taxes and rents;

(iv) all base rent payments;

(v) common area and other additional rent charges, if any;

(vi) fuel oil on hand, determined at Seller's cost;

(vii) insurance premiums on transferable policies, if any, approved by Purchaser; and

(viii) annual license, permit and inspection fees, if any, provided that Seller's rights thereunder (or with respect thereto) are transferable to Purchaser.

(b) (i) Apportionment of real property taxes, water rates and charges and sewer taxes and rents shall be made on the basis of the fiscal year for which assessed solely to the extent actually received by Seller from Tenants or actually paid or payable by Seller. If the Closing Date shall occur before any or all of the foregoing are fixed, the apportionment of real property taxes shall be made on the basis of the tax rate for the preceding year applied to the latest assessed valuation. After the final real property taxes, water rates and charges and sewer taxes and rents are fixed, Seller and Purchaser shall make a recalculation of the apportionment of same, and Seller or Purchaser, as the case may be, shall make an appropriate payment to the other based on such recalculation.

(ii) If at the time for the delivery of the Deed, the Premises shall be or shall have been affected by an assessment or assessments (including special and/or added) which are or may become payable in annual installments of which the first installment is then due or has been paid, then for the purposes of this Agreement all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the Deed for the Premises, shall be deemed to be due and payable and to be liens upon such Premises affected thereby and shall be paid and discharged by Seller upon the delivery of the Deed for the Premises. If any assessment with respect to the Premises is unconfirmed at the time of Closing, or if subsequent to Closing any assessment, including special or added, is determined to be incorrect, then,

immediately after the amount of the assessment has been established, or the confirmed assessment corrected as a result of a prior error, Seller shall make an appropriate payment to Purchaser within ten (10) days of the tax assessor's calculation of the assessment. Notwithstanding the foregoing, if the tenant(s) of the Premises are obligated under a written lease for the payment of the entire assessment (confirmed and/or unconfirmed), then with respect to such assessment Purchaser shall seek payment from the Tenant(s), and any assessment not otherwise the obligation of the Tenant(s) shall be the obligation of Seller. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligation under this Paragraph 9(b)(ii).

(c) If there shall be any water meters on the Property (other than meters measuring water consumption costs which are the obligation of Tenants to pay), Seller shall furnish readings to a date not more than ten (10) days prior to the Closing Date, and the unfixed water rates and charges and sewer taxes and rents, if any, based thereon for the intervening time, shall be apportioned on the basis of such last readings.

(d) The amount of unpaid taxes, assessments, water charges and sewer rents which Seller is obligated to pay and discharge, with interest and penalties thereon to the fifth (5th) day after the Closing Date, at the option of Seller, may be allowed to Purchaser out of the Purchase Price, provided that official bills therefor with interest and penalties thereon are furnished by Seller at the Closing.

(e) If any refund of real property taxes, water rates and charges or sewer taxes and rents is made after the Closing Date for a period prior to the Closing Date, the same shall be applied first to the costs incurred in obtaining same and second to the refunds due to Tenants by reason of the provisions of their respective Leases. The balance, if any, of such refund shall be paid to Seller (for the period prior to the Closing

Date) and Purchaser (for the period commencing with the Closing Date).

(f) To the extent that Seller receives rent payments after the Closing Date for any period from and after the Closing Date, the same shall be held in trust and immediately paid to Purchaser.

(g) All rent payments received by Seller or Purchaser after Closing shall be applied firstly against out-of-pocket costs of collection, then to rents due and owing by such Tenant for the periods from and after Closing and thereafter against rents due and owing prior to Closing in inverse order of due date.

(h) All realty transfer fees and charges (other than recording fees for the Deed) shall be paid by Seller at Closing.

10. RISK OF LOSS.

(a) Seller assumes the risk of loss or damage to the Property beyond ordinary wear and tear until delivery of the Deed to Purchaser and shall notify Purchaser forthwith upon the occurrence of any such casualty ("Casualty Notice"). In the event of any casualty in which the Casualty Threshold (as

hereinafter defined) is not established, or in the event of a casualty in which the Casualty Threshold is established and if Purchaser elects to complete the purchase of the Property hereunder, Seller shall restore and repair the damaged Property to its condition immediately preceding such casualty and in accordance with its obligations pursuant to Leases, and without a change in the Purchase Price.

(b) If, prior to the Closing Date, the Property shall be damaged by fire or other casualty and the estimated cost of repair and/or restoration shall exceed twenty-five (25%) percent of the Purchase Price or reasonably shall be estimated to require more than one hundred eighty (180) days to repair or restore (collectively, "Casualty Threshold"), Purchaser may, by notice to Seller, elect to terminate this Agreement. If this Agreement is so terminated, the Letter of Credit forthwith shall be returned

to Purchaser. Purchaser shall notify Seller of its decision within sixty (60) days of receipt of the Casualty Notice, which shall include the amount of insurance coverage, the amount of insurance received, if any, the reasonably estimated cost of repairs and the reasonably estimated time in which to complete said repairs, and the Closing shall be postponed accordingly.

(c) Notwithstanding the foregoing, any proceeds of loss of rent insurance for a casualty occurring prior to the Closing Date, whether received prior to or following the Closing, shall be apportioned as of the Closing Date.

11. CONDEMNATION. In the event that, prior to Closing, all or any portion of the Property shall be condemned or taken as the result of the exercise of the power of eminent domain, or by deed in lieu thereof (collectively, a "Taking"), or if such proceedings shall have commenced or shall be threatened, Seller promptly shall notify Purchaser ("Taking Notice"). Purchaser, in its sole judgment, shall notify Seller within sixty (60) days following receipt of the Taking Notice, that: (1) the remaining portion of the Property is not suitable or economically viable for its intended use of the Property, in which event Purchaser may terminate this Agreement; or (2) the remaining portion of the Property is suitable and economically viable for its intended use, in which event Closing shall proceed and Purchaser and Seller shall have the right to participate jointly in the condemnation proceedings and the proceeds thereof shall belong to Seller, but Purchaser shall be entitled to a credit against the Purchase Price in an amount equal to said proceeds, unless such condemnation proceedings shall be pending on the Closing Date, in which event there shall not be any credit and at Closing, Seller shall assign all its right, title and interest in and to said proceedings and award to Purchaser.

12. APPROVALS FOR TRANSFER. In the event that any Governmental Authority shall have an ordinance, law, rule, regulation or other requirement requiring a new Certificate of Occupancy or other governmental authorization to be issued in

connection with the transfer of title to the Property, or in the event that on the Closing Date there is any such requirement, then and in any of such events, Seller shall use its best efforts, at its sole cost and expense, to obtain and deliver to Purchaser, the Certificate of Occupancy or other governmental authorization.

13. DUE DILIGENCE PERIOD.

(a) Through the period ending on the date which is forty-five (45) days from the date of this Agreement (the "Due Diligence Period"), Purchaser may perform, or cause to be performed, tests, investigations and studies of or related to the Property, including, but not limited to, soil tests and borings, ground water tests and investigations, percolation tests, surveys, architectural, engineering, subdivision, environmental, access, development studies and such other tests, investigations or studies as Purchaser, in its sole discretion, determines is necessary or desirable in connection with the Property and may inspect the physical (including environmental) and financial condition of the Property, including but not limited to the Leases, Contracts, engineering and environmental reports, development approval agreements, permits and approvals. Purchaser shall repair and restore any portion of the surface of the Property disturbed by Purchaser, its agents, representatives or contractors during the conduct of any tests and studies to substantially the same condition as existed prior to such disturbance. Such right of inspection and the exercise of such right shall not constitute a waiver by Purchaser of the breach of any representation, warranty, covenant or agreement of Seller which might, or should, have been disclosed by such inspection.

(b) During the Due Diligence Period, Purchaser, its agents, representatives and contractors, shall have unlimited access to the Property and other information pertaining thereto in the possession or within the control of Seller for the purpose of performing such studies,tests, borings, investigations and inspections for the purposes described in this Paragraph. Seller

shall cooperate with Purchaser in facilitating its due diligence inquiry and shall obtain, and use its best reasonable efforts to obtain, any consents that may be necessary in order for Purchaser to perform same. In addition, Seller will deliver to Purchaser promptly after request, true and complete copies of all test borings, Environmental Documents, surveys, title materials and engineering and architectural data and the like relating to the Property that are in Seller's possession or under its control. In the event any additional materials or information comes within Seller's possession or control after the date of this Agreement, Seller promptly shall submit true and complete copies of the same to Purchaser. Seller shall notify Purchaser of any dangerous conditions on the Property, including, without limitation, conditions which due to the nature of the borings, studies, investigations, inspections or testing to be performed by or on behalf of Purchaser may pose a dangerous condition to Purchaser or Purchaser's agents, representatives or contractors.

(c) Purchaser shall obtain, or cause its contractors, agents and representatives to obtain, liability insurance in an amount equal to One Million ($1,000,000.00) Dollars on a per occurrence and aggregate basis on account of personal injury to one or more persons and property damage with respect to Purchaser's activities and entry onto the Property. Upon request of Seller, the policy shall name Seller as an additional insured. In addition, Purchaser agrees to indemnify and hold Seller harmless from any damage or injury to persons or property arising out of or in connection with Purchaser or its contractors, agents or representatives entering upon the Property.

(d) Purchaser may terminate this Agreement for any reason or for no reason by notice to Seller given within the Due Diligence Period. In the event Purchaser terminates this Agreement during the Due Diligence Period, this Agreement shall be null and void, the Letter of Credit forthwith shall be returned to Purchaser, copies of any reports or studies prepared by third parties as part of Purchaser's investigations during the Due Diligence Period (if expressly permitted by such third

party), shall be delivered to Seller (except, if this Agreement is terminated as a result of Seller's breach hereof). In the event Purchaser does not terminate this Agreement by the end of the Due Diligence Period, Purchaser shall be deemed to have elected not to terminate this Agreement.

14. ENVIRONMENTAL PROVISIONS.

(a) Notwithstanding anything to the contrary contained in this Agreement, the obligation of Purchaser to pay the Purchase Price and otherwise proceed to Closing shall be subject to the condition, that Seller obtain from the Element, (as hereinafter defined in Paragraph 14.(e)(iii) hereof) pursuant to ISRA (as hereinafter defined in Paragraph 14.(e)(i) hereof), and deliver to Purchaser, at least five (5) days prior to Closing (the "ISRA Compliance Date"), together with all submissions upon which any one or more of the following is based, either:

(i) a Letter of Non-Applicability;

(ii) a de minimis quantity exemption;

(iii) an unconditional approval of a Negative Declaration; or

(iv) an unconditional No Further Action Letter;

(collectively the "ISRA Approval") for which Seller shall apply promptly. In no event shall an ISRA Approval involve any engineering or institutional controls, including without limitation, capping, deed notice, declaration of environmental restriction or other institutional control notice pursuant to P.L. 1993 c. 139, a groundwater classification exception area or a well restriction area. If the requirements of this Paragraph 14.(a) are not satisfied on or before the ISRA Compliance Date, Purchaser thereafter shall have the right, by notice to Seller, to extend the ISRA Compliance Date or to terminate this Agreement, in which latter event this Agreement shall be rendered null and void and of no further force or effect, Seller shall refund to Purchaser all charges made for title examination, municipal searches and survey fees, the Letter of Credit forthwith shall be returned to Purchaser and neither party shall

have further liability or obligation to the other under or by virtue of this Agreement.

(b) Contemporaneously with the execution of this Agreement, and subsequently promptly upon receipt by Seller or its representatives, Seller

shall deliver to Purchaser: (i) all Environmental Documents concerning the Property generated by or on behalf of predecessors in title or former occupants of the Property to the extent in Seller's possession or control; (ii) all Environmental Documents concerning the Property generated by or on behalf of Seller, whether currently or hereafter existing; (iii) all Environmental Documents concerning the Property generated by or on behalf of current or future occupants of the Property to the extent in Seller's possession or control, whether currently or hereafter existing; and (iv) a description of all known operations, past and present, undertaken at the Property and existing maps, diagrams and other documentation to the extent in Seller's possession or control designating the location of past and present operations at the Property and past and present storage of Contaminants above or below ground, on, under, at, emanating from or affecting the Property or its environs.

(c) Seller shall notify Purchaser in advance of all meetings scheduled between Seller or its representatives and NJDEP, and Purchaser and/or its representatives shall have the right, without obligation, to attend and participate in all such meetings.

(d) Seller shall indemnify, defend and hold harmless Purchaser from and against any and all claims, liabilities, losses, deficiencies, damages, interest, penalties and costs, foreseen or unforeseen including, without limitation, reasonable counsel, engineering and other professional or expert fees, which Purchaser may incur, by reason of or resulting directly or indirectly, wholly or partly, from any breach, inaccuracy, incompleteness or nonfulfillment of any representation, warranty, covenant or agreement herein by Seller, or by reason of Seller's actions or non-action with regard to any of Seller's obligations pursuant to this Paragraph 14.

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

(i) "Contaminants" shall include, without limitation, any regulated substance, toxic substance, hazardous substance, hazardous waste, pollution, pollutant or contaminant, as defined or referred to in the New Jersey Environmental Rights Act, N.J.S.A. 2A:35A-1 ET SEQ.; the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 ET SEQ. (the "Spill Act"); the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 ET SEQ.; the Hazardous Substances Discharge: Reports and Notices Act, N.J.S.A. 13:1K-15 ET SEQ.; the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 ET SEQ. ("ISRA"); the "Tanks Laws" as hereinafter defined in Paragraph 14.(e)(x) hereof; the Resource Conservation and Recovery Act, AS AMENDED, 42 U.S.C. Section 6901 ET SEQ. ("RCRA"); 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, radon, asbestos, polychlorinated biphenyls, urea formaldehyde and petroleum products and petroleum based derivatives. Where a statute, ordinance, code, rule or regulation defines any of these terms more broadly than another, the broader definition shall apply.

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

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

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

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

(vi) "Governmental Authority" shall mean the federal, state, county or municipal government, or any department, agency, bureau, board, commission, office or other body obtaining authority therefrom, or created pursuant to any law.

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

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

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

(x) "Tank Laws" shall mean the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 ET SEQ., and the federal underground storage tank law (Subtitle I) of RCRA, together with any amendments thereto,

regulations promulgated thereunder, and all substitutions thereof, and any successor legislation and regulations.

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

(f) Seller covenants and agrees that between the date hereof and the Closing Date it shall perform or observe the following:

(i) Promptly notify Purchaser of, and promptly deliver to Purchaser, a certified true and complete copy of any Notice Seller may receive, on or before the Closing Date, from any Governmental Authority, concerning a violation of Environmental Laws or Discharge of Contaminants;

(ii) At its own cost and expense, be responsible for the remediation of all Contaminants existing on, under, at emanating from or affecting the Property as of the date of Closing, in violation of Environmental Laws, regardless of the date of discovery, notwithstanding anything to the contrary set forth herein. In no event shall Seller's remediation involve any engineering or institutional controls, including, without limitation, capping, a deed notice, a declaration of environmental restrictions or other institutional control notice pursuant to P.L. 1993, c. 139, or a groundwater classification exception area or well restriction area. Any such remediation and associated activities shall be undertaken pursuant to a right of access agreement reasonably acceptable to Purchaser;

(iii) Contemporaneously with the signing and delivery of this Agreement, and subsequently, promptly upon receipt by Seller or its representatives, deliver to Purchaser a certified true and complete copy of all Environmental Documents.

15. CONDITIONS TO CLOSING. In addition to other conditions set forth in this Agreement, Purchaser's obligation to close

title to the Property is expressly conditioned upon and subject to the occurrence of all of the following:

(a) Seller shall have completed subdivision of the Land in the configuration set forth on Schedule "A-1", all requisite governmental approvals shall have been obtained, and all conditions to subdivision shall have been satisfied including, without limitation, the filing in the public records of the subdivision plat;

(b) Substantial Completion (as hereinafter defined) of all work set forth in the Plans and Specifications, including all tenant improvement work required under the Lease (including change orders);

(c) Tenant has accepted delivery of possession of the Property pursuant to the terms and conditions of the Lease;

(d) A final, unconditional Certificate of Occupancy permitting occupancy of the Property for Tenant's use has been issued by all Governmental Authorities having jurisdiction;

(e) Tenant has delivered the security deposit and has commenced the payment of rent required to be paid pursuant to the terms and conditions of the Lease;

(f) Tenant shall have delivered the Estoppel Certificate;

(g) Written certification of McGarvey Construction Co., Inc. that the work has been fully completed in accordance with the Plans and Specifications (or in accordance with the Plans and Specifications as amended after the date hereof provided any such amendments have been approved in writing by Purchaser), the provisions hereof and all legal requirements, and that all necessary certificates and approvals required to be obtained from any Governmental Authority having jurisdiction over the Property have been obtained;

(h) Receipt of an absolute unconditional waiver of liens from all contractors and subcontractors for all work performed at the Property; and

(i) All contractors and subcontractors have been paid in full for performance of work at the Property.

The term "Substantial Completion" as used herein shall mean that only so-called "punch list" items of work which shall be limited to such unfinished minor items which, when considered as a whole, do not materially adversely affect Tenant's occupancy of the Property, and otherwise are permitted pursuant to the terms of the Lease. Seller covenants and agrees to fully complete any punch list items not later than the date which is twenty (20) days after Seller receives notification thereof or within the time period set forth in the Lease.

16. NOTICES.

(a) Any notice, request, consent, approval or demand ("notice") which, pursuant to the provisions of this Agreement or otherwise, must or may be given or made by either party hereto to the other, shall be in writing and shall be given by such party or its attorney and shall be delivered by personal delivery, by mailing same via certified mail, return receipt requested, postage prepaid, in a United States Post Office depository, by delivery to a postal or private expedited form of delivery service, or telecopied to the intended recipient at the telecopy number set forth therefor below (with hard copy to follow), addressed to Purchaser at its address set forth in the heading to this Agreement, Attention: Roger Thomas, Esq., (fax 908-272-6755), with a copy given in the aforesaid manner to Cole, Schotz, Meisel, Forman & Leonard, P.A., Court Plaza North, 25 Main Street, P.O. Box 800, Hackensack, New Jersey 07602-0800, Attention: Richard W. Abramson, Esq., (fax 201-489-1536), and to Seller to William Price (fax 609-235-3043) at the address set forth in the heading to this Agreement with a copy given in the aforesaid manner to Archer & Greiner, One Centennial Square, Haddonfield, New Jersey 08033, Attention: Gary L. Green, Esq., (fax 609-795-0574).

(b) Notice shall be deemed delivered on the day of personal delivery, on the day telecopied, on the first business day following deposit with the overnight carrier or on the second

business day following deposit in the Post Office depository, as the case may be.

(c) Either party may designate a different person or address by notice to the other party given in accordance herewith.

17. BROKER. Each party represents and warrants to the other party that it dealt with no broker or other person entitled to claim fees for such services in connection with the negotiation, execution and delivery of this Agreement, other than Jackson Cross (hereinafter referred to as the "Broker"). Seller agree to pay Broker pursuant to a separate agreement with Broker, which agreement shall provide, INTER ALIA, that Broker shall not have any claim whatsoever for commissions or other fees against Purchaser whether or not Closing shall occur, including failure to close due to the default of Purchaser hereunder. Based upon the aforesaid representations, warranties and covenants, each party agrees to defend, indemnify and hold the other party harmless from and against any and all claims for finders' fees or brokerage or other commission which at any time may be asserted against the indemnified party, including any claim by Broker against Purchaser, founded upon a claim that the substance of the aforesaid representations of the indemnifying party is untrue. Such indemnification shall include, but not be limited to, all commission claims, as well as all costs, expenditures, legal fees and expert fees reasonably incurred in defending any claim of any third party. In the event that by settlement or otherwise, any monies or other consideration is awarded to or turned over to any third party as a result of a commission claim, it is the intention of the parties hereto that the indemnifying party shall be solely responsible therefor.

18. DEFAULT.

(a) If Purchaser shall default in the payment of the Purchase Price or otherwise shall default in the performance of any of its other obligations pursuant to this Agreement, Seller, as its sole and exclusive remedy, shall be entitled to receive, as liquidated damages and not as a penalty, the Letter of Credit and the right to convert same to cash, it being acknowledged that the actual damages which may be suffered by Seller in the event of any default by Purchaser shall be difficult to ascertain, plus the costs and expenses set forth in subparagraph (c) below. If the Letter of Credit is converted to cash, Seller shall be entitled to receive any interest earned on such cash.

(b) If Seller shall default in any of its obligations hereunder, Purchaser shall have the right to (i) terminate this Agreement by notice to Seller, in which event the Letter of Credit shall be returned to Purchaser, and obtain from Seller damages suffered by Purchaser plus the costs and expenses set forth in subparagraph (c) below, or (ii) seek specific performance by Seller of Seller's obligations hereunder, and if Purchaser is successful, in addition obtain from Seller the costs and expenses set forth in (c) below together with damages suffered by Purchaser.

(c) In the event of litigation arising out of this Agreement, the prevailing party shall be entitled to recover from the losing party, costs and expenses incurred by the prevailing party, including reasonable legal fees and disbursements.

19. SURVIVAL. It is agreed that all of the terms, agreements, covenants, promises, provisions, indemnifications, representations and warranties set forth herein shall, except as otherwise specifically set forth in this Agreement, survive Closing and delivery of the Deed.

20. INDEMNITY.

(a) Seller agrees to indemnify, defend and save harmless Purchaser and its respective representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraph 6.(e), resulting from the breach or default of any covenant, provision, representation or warranty of Seller including all reasonable costs and expenses incurred by Purchaser in the enforcement of this Paragraph, or (ii) imposed upon or incurred by Purchaser, or allegedly due by Purchaser, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, the Property, or by reason of any event or occurrence on, or relating to, the Property which occurred, accrued or related to an event occurring at any time prior to the Closing Date.

(b) Purchaser agrees to indemnify, defend and save harmless Seller and its representatives, employees, agents, constituent members, successors and assigns from and against all claims, actions, demands, suits, liabilities and damages (i) subject to the limitations set forth in Paragraphs 6.(e) and 18, resulting from the breach or default of any covenant, provision, representation or warranty of Purchaser or (ii) imposed upon or incurred by Seller, or allegedly due by Seller, arising out of or relating to the ownership, operation, leasing, repair or improvement of or otherwise dealing with, the Property, or by reason of any event or occurrence on, or relating to, the Property which occurred, accrued or related to an event occurring at any time after the Closing Date.

21. ASSIGNMENT. This Agreement may not be assigned by Purchaser, without the consent of Seller (which consent shall not be unreasonably withheld, delayed or conditioned), except that no such consent shall be required with respect to an assignment to any affiliate of Purchaser. Upon such assignment, Purchaser named herein shall be relieved of any further liability for any

of the terms, promises and conditions of this Agreement on its part to be performed hereunder.

22. CROSS DEFAULT. Simultaneously with the execution and delivery of this Agreement, Purchaser has entered into a certain Agreement of Sale with Seller and certain affiliates of Seller (the "Agreement of Sale") relating to certain property more particularly described on Schedule "T"; and a certain agreement with an affiliate of Seller (the "Development Agreement") relating to certain property located in Moorestown, New Jersey as more particularly described in the Development Agreement. This Agreement and the obligations of the parties hereunder are subject to performance by the respective parties to the Development Agreement and/or the Agreement of Sale of their respective obligations which are required to be performed prior to the Closing Date in

accordance with the terms thereof. If Seller or its related entities default in their obligations under the Agreement of Sale and/or the Development Agreement, Purchaser shall have the right to proceed with the purchase of the Property, to declare a default hereunder, and/or to terminate this Agreement. If Purchaser shall default in its obligations under the Development Agreement and/or the Agreement of Sale, Seller shall have the right to declare a default hereunder.

23. ESCROW AGENT.

(a) The Letter of Credit shall be held in escrow by Escrow Agent and released on the terms hereinafter set forth.

(b) If Escrow Agent receives notice from Purchaser or Purchaser's attorney that Purchaser has terminated this Agreement pursuant to Paragraph 5 or 13 hereof, Escrow Agent shall immediately return the Letter of Credit to Purchaser without application of Paragraph 23(f), (h) and (i);

(c) At the Closing, Escrow Agent shall deliver the Letter of Credit to Purchaser.

(d) Any notice(s) to and from Escrow Agent shall be given in accordance with Paragraph 16 hereof.

(e) If Escrow Agent receives a notice signed by Seller or Seller's attorney stating that Purchaser has defaulted in the performance of its obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Purchaser. If Escrow Agent shall not have received notice of objection from Purchaser within ten (10) days after Escrow Agent has delivered such notice, Escrow Agent shall deliver the Letter of Credit to Seller. If Escrow Agent shall receive a timely notice of objection from Purchaser as aforesaid, Escrow Agent promptly shall forward a copy thereof to Seller.

(f) If Escrow Agent receives a notice signed by Purchaser or Purchaser's attorney stating that this Agreement has been canceled or terminated and that Purchaser is entitled to the Letter of Credit, or that Seller has defaulted in the performance of its obligations pursuant to this Agreement, Escrow Agent shall deliver a copy of such notice to Seller. If Escrow Agent shall not have received notice of objection from Seller within ten (10) days after Escrow Agent has delivered such notice, Escrow Agent shall deliver the Letter of Credit to Purchaser. If Escrow Agent shall receive a timely notice of objection from Seller as aforesaid, Escrow Agent promptly shall forward a copy thereof to Purchaser.

(g) If Escrow Agent receives notice from either party authorizing delivery of the Letter of Credit to the other party, Escrow Agent shall deliver the Letter of Credit in accordance with such instructions.

(h) If Escrow Agent receives a notice of objection as aforesaid, Escrow Agent shall convert the Letter of Credit to cash and hold such proceeds in an interest bearing FDIC insured bank in New Jersey until Escrow Agent receives either: (i) a notice signed by both Seller and Purchaser stating who is entitled to the Letter of Credit; or (ii) a final order of a court of competent jurisdiction directing disbursement in a specific manner, in either of which events Escrow Agent shall deliver the Letter of Credit in accordance herewith or in accordance with such notice or order. Escrow Agent shall not be

or become liable in any way or to any person for its refusal to comply with any requests or demands until and unless it has received a direction of the nature described in (i) or (ii) above.

(i) Notwithstanding the foregoing provisions of Subparagraph (g) above, if Escrow Agent shall have received a notice of objection as aforesaid, or shall have received at any time before actual delivery of the Letter of Credit, a notice signed by either Seller or Purchaser advising that litigation between Seller and Purchaser over entitlement to the Letter of Credit has been commenced, Escrow Agent shall have the right, upon notice to both Seller and Purchaser to deposit the Letter of Credit with the Clerk of the Court in which any litigation is pending, whereupon Escrow Agent shall be released of and from all liability hereunder except for any previous gross negligence or willful default.

(j) Escrow Agent shall not be liable for any error or judgment or for any act done or omitted by it in good faith, or for any mistake of fact or law, and is released and exculpated from all liability hereunder except for willful misconduct or gross negligence.

(k) Escrow Agent's obligations hereunder shall be as a depositary only, and Escrow Agent shall not be responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any notice,

instructions or other instrument furnished to it or deposited with it, or for the form of execution of any thereof, or for the identity or authority of any person depositing or furnishing same.

(l) Escrow Agent shall not have any duties or responsibilities except those set forth in this Agreement and shall not incur any liability in acting upon any signature, notice, request, waiver, consent, receipt or other paper or document believed by it to be genuine, and Escrow Agent may assume that any person purporting to give any notice or advice on behalf of any party in accordance with the provisions hereof has been duly authorized to do so.

(m) Escrow Agent shall be entitled to consult with counsel in connection with its duties hereunder, including attorneys at its firm. The parties shall reimburse Escrow Agent, jointly and severally, for all costs and expenses incurred by Escrow Agent in performing its duties as Escrow Agent including, but not limited to, reasonable attorneys' fees (either paid to retained attorneys or amounts representing the fair value of services rendered to itself).

(n) The terms and provisions of this Paragraph shall create no right in any person, firm or corporation other than the parties hereto and their respective successors or assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

(o) In the event of any dispute, disagreement or suit between Seller and Purchaser, whether pertaining to the Letter of Credit, this Agreement or otherwise, Escrow Agent shall have the right to represent or otherwise serve as attorneys for Seller.

(p) Escrow Agent is designated the "real estate reporting person" for purposes of Section 6045 of Title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation.

(q) The applicable provisions of this Paragraph shall survive the Closing or termination of this Agreement.

24. MISCELLANEOUS.

(a) This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective heirs, successors, legal representatives and assigns.

(b) This Agreement may be executed in one or more counterparts, each of which when so executed and delivered by each party to the other shall be deemed an original, but all of

which when taken together shall constitute but one and the same instrument.

(c) At any time or from time to time, upon written request of the other party, each party shall execute and deliver all such further documents and do all such other acts and things as reasonably may be required to confirm or consummate the within transaction.

(d) The captions preceding the paragraphs of this Agreement are intended only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

(e) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. No variations or modifications of or amendments to the terms of this Agreement shall be binding unless in writing and signed by the parties hereto. The respective attorneys for each party are authorized to modify any dates or time periods set forth herein.

(f) The terms, conditions, covenants and provisions of this Agreement shall be deemed to be severable except with respect to any provision relating to the Purchase Price. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, the same shall be deemed to be severable and shall not affect the validity of any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect.

(g) The obligations of each party to complete the transaction

contemplated hereby is subject to the satisfaction, as of Closing, of all of the terms, conditions and obligations to be met and/or performed by the other party or which otherwise are for the benefit of such party, any of which conditions and/or obligations may be waived in whole or in part by the party which is the beneficiary of such condition or obligation.

(h) Each party, at its sole cost and expense, shall have the right to record a short form memorandum of this

Agreement, which memorandum shall not set forth the Purchase Price or terms of payment, and each party agrees to execute any such short form memorandum upon the request of the other party.

(i) As used in this Agreement, the masculine gender shall include the feminine or neuter genders and the neuter gender shall include the masculine or feminine genders, the singular shall include the plural and the plural shall include the singular, wherever appropriate to the context.

(j) This Agreement shall be governed by and enforced in accordance with the substantive laws of the State of New Jersey.

25. GUARANTY.

(a) William G. Price, Jr. and John S. McGarvey (collectively, "Guarantors") hereby, jointly and severally, guarantee to Purchaser, its successors and assigns, the full, due and timely completion of construction of all Improvements in the manner required by the Plans and Specifications and in accordance with the provisions of this Agreement, including any modifications or amendments hereto, without any further writing, and the costs for enforcing this Guaranty (collectively, the "Obligations").

(b) This is a guaranty of payment and performance and not of collection. The obligations of Guarantors hereunder are independent of the obligations of Seller, and a separate action or actions may be brought and prosecuted against Guarantors, regardless whether action is brought against Seller or whether Seller is joined in any such action or actions.

(c) Guarantors agree that the obligations of Guarantors under this Paragraph 25 are primary, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Agreement or any instrument referred to herein, or any substitution, release or exchange of any other guaranty of or security for the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever

(including, without limitation, personal defenses of Seller) which might otherwise constitute a legal or equitable discharge or defense of a surety, guarantor or co-obligor, it being the intent of this Paragraph 25 that the obligations of Guarantors hereunder shall be primary, absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more the following shall not alter or impair the liability of Guarantors hereunder:

(i) at any time or from time to time, without notice to or consent of Guarantors, the time for any performance of or compliance with the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any modification of or amendment to the Agreement;

(iii) the existence of any claim, set-off or other right which Guarantors may have at any time against Purchaser, Seller or any other person or entity, whether in connection herewith or with any unrelated transaction;

(iv) any of the acts required or contemplated in any of the provisions of the Agreement or other instruments referred herein shall be done or omitted;

(v) the maturity of any of the Obligations shall be accelerated or extended, or any of the Obligations shall be modified, supplemented or amended in any respect or any right under the Agreement or other instruments referred to herein shall be waived or extended or any other guaranty of the Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(vi) Purchaser releases or substitutes any one or more of any Seller, endorses or guarantors of the Obligations;

(vii) any of the Obligations shall be determined to be void or voidable or shall be subordinated to the claims of any person; or

(viii) there shall be occur any insolvency, bankruptcy, reorganization or dissolution of Seller or other guarantor.

With respect to their obligations hereunder, Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever and any requirement that Purchaser exhaust any right, power or remedy or proceed against any person under the Agreement or other instruments referred to herein, or against any collateral or other person under any other guaranty of, or security for, or obligation relating to, any of the Obligations.

(d) The obligations of Guarantors under this Paragraph 25 shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of any persons in respect of the Obligations is rescinded or must be otherwise restored by Purchaser or any other holder or recipient of payment or performance of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and Guarantors agree that they will pay to Purchaser on demand all reasonable out-of-pocket costs and expenses (including, without limitation, fees of counsel) incurred by Purchaser in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

(e) Without limiting the generality of the provisions of this Paragraph 25, Guarantors hereby specifically waive: (a) promptness, diligence, notice of acceptance and any other notice with respect to the Obligations; (b) any requirement that Purchaser protect, secure or insure any lien or any property subject thereto or exhaust any right or take any action against Seller or any collateral or undertake any marshalling of assets; (c) the right to direct the order of enforcement or remedies, (d) any defense arising by reason of any claim or defense based upon an election of remedies by Purchaser which in any manner impairs,

reduces, releases or otherwise adversely affects its subrogating, contribution or reimbursement rights or other rights to proceed against Sellers or any collateral; (e) any duty on the part of Purchaser to disclose to Guarantors any matter, fact or thing relating to the business, operation or condition of the Property or Seller and its assets now known or hereafter known by Purchaser; and (f) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of the guaranty provided for in this Paragraph 25 and the existence, creation or incurrence of new or additional indebtedness.

26. ROLLBACK TAXES. Any "rollback taxes" assessed or to be assessed against the Premises pursuant to the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1, ET SEQ., shall be paid by Seller. If rollback taxes will be due with respect to the Premises but are not assessed at the Closing Date, a good-faith estimate of the amount of same shall be obtained by the parties from the tax assessor of the Township of Moorestown, at least twenty-four (24) hours prior to Closing, and Seller shall pay one hundred twenty-five (125%) percent of the amount of said estimate from the proceeds at Closing into escrow to be held by the Title Company until such time as the rollback tax assessment against the Premises is made. Upon Title Company's receipt of notice from Purchaser that said rollback taxes have been assessed against the Premises, Title Company shall, within three (3) business days thereof, pay said taxes to the Township of Moorestown. In the event the amount of the monies being held in escrow by Title Company are not sufficient to cover payment of said rollback taxes, then Seller shall promptly pay to Purchaser any additional monies that are due and payable by Seller in accordance with the terms and provisions of this Paragraph; and in the event the amount of the escrow monies are in excess of the amount of said rollback taxes, then Title Company shall disburse the remaining balance of the escrow funds to Seller after the amount of the escrow monies due to Purchaser have been disbursed

to the Township of Moorestown, in accordance with the terms and provisions of the immediately proceeding sentence. Seller shall indemnify and hold Purchaser harmless from and against all costs and expenses, including reasonable attorneys fees, incurred by Purchaser in connection with Seller's failure to perform Seller's obligations under this Paragraph 26.

27. SELLER'S RIGHT TO EXCHANGE PROPERTY.

(a) (i) Seller shall have the right, exercisable at least five (5)

days prior to Closing, to elect to exchange the Property for other property of like kind ("Exchange Property") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended.

(ii) If Seller elects to effect any exchange, it shall notify Purchaser as to all details thereof, and Purchaser shall execute a contract to purchase the Exchange Property in a form satisfactory to Seller (hereinafter called the "Exchange Contract"), and immediately thereafter shall assign all of its right, title and interest in and to the Exchange Contract to the Exchange Escrow Agent, as hereinafter defined. The funds required to pay the deposit under the Exchange Contract shall be provided to Purchaser by Seller or Exchange Escrow Agent. The Exchange Contract shall provide for the right of assignment by Purchaser to Exchange Escrow Agent and/or Seller without recourse, and that the seller of the Exchange Property shall look only to the deposit monies thereunder as liquidated damages, there being no liability on the part of Purchaser to said seller. Purchaser shall not be obligated to execute an Exchange Contract which would require Purchaser to be personally liable on any indebtedness or to incur any cost or expense which would increase Purchaser's liability beyond that liability incurred by Purchaser hereunder.

(iii) In no event, however, shall the closing of title to the Property be delayed due to the inability of Seller to select an Exchange Property or close title thereto.

(b) (i) If Seller shall elect to exchange the Property pursuant to this Paragraph, whether or not an Exchange Property has been designated, as herein set forth, the Purchase Price, exclusive of the satisfaction of liens, payment of closing costs and other permitted expenses, shall be deposited with the Exchange Escrow Agent ("Escrow Account"), subject to the Exchange Escrow Agent executing an agreement reasonably satisfactory to Purchaser whereby Exchange Escrow Agent agrees to be bound by the terms and conditions of this Paragraph 27, and shall not be paid to Seller at Closing. The Escrow Account shall be held by Exchange Escrow Agent in an interest bearing account, pursuant to the terms hereof. The interest earned upon the Escrow Account while being held by Exchange Escrow Agent shall be added to the Escrow Account and shall be paid to Seller at the closing of the Exchange Property.

(ii) Purchaser appoints its title insurance company or such other title insurance company or other entity as Purchaser reasonably may designate, its agent, in order to effectuate the Exchange (the "Exchange Escrow Agent"). Purchaser and Seller shall cooperate with each other and Exchange Escrow Agent and promptly shall sign and deliver to Exchange Escrow Agent all documents reasonably deemed necessary by Seller in order to qualify this transaction pursuant to Internal Revenue Code Section 1031.

(iii) Seller shall pay all fees relating to the Escrow Account, and all reasonable attorneys' fees and expenses of Purchaser, if any, relating to the exchange transaction and in no event shall Purchaser be required to assume any liability thereunder.

(iv) During the period that the Escrow Account is in existence, Seller shall not have any control, directly or indirectly, over the funds placed in the Escrow Account, except as may be expressly provided herein.

(v) If, at the time of Closing, Seller shall not have designated the Exchange Property, then if within forty-five (45) days following Closing, Seller shall deliver to Purchaser

and to Exchange Escrow Agent a designation of an Exchange Property which Seller desires to acquire by way of exchange for the Property transferred to Purchaser at Closing ("Designation"), the parties shall proceed as provided for herein. If there is no timely Designation, then Exchange Escrow Agent, on the forty-sixth (46th) day after Closing (or, if such day is a Saturday, Sunday or legal holiday, on the first business day thereafter) shall disburse to Seller the Escrow Account and all interest earned thereon shall be paid to Purchaser.

(vi) Any Designation of an Exchange Property shall include an Exchange Contract, or thereafter Seller shall provide Purchaser with an Exchange Contract, which Exchange Contract comply with the terms set forth in Subparagraph 27.(a). The parties acknowledge that there may be multiple Exchange Properties and that multiple Designations may be delivered, provided that each meets the conditions set forth herein and the requirements of the Internal Revenue Code Section 1031 and regulations thereunder.

(vii) Upon receipt by Purchaser of an Exchange Contract, it shall execute and deliver the Exchange Contract to the seller of the Exchange Property ("Exchange Seller"), Seller and Exchange Escrow Agent. Thereafter, Purchaser shall assign its interest in the Exchange Contract to Exchange Escrow Agent, it

being agreed that Purchaser shall not take title to any Exchange Property.

(viii) Upon Purchaser executing any Exchange Contract, and in accordance therewith, Exchange Escrow Agent shall pay from the Escrow Account to Exchange Seller, or such other party as is provided for in the Exchange Contract, the amount of the deposit and all other monies required under the Exchange Contract or otherwise related to the transaction.

(ix) Exchange Escrow Agent shall not be liable to either Seller or Purchaser in connection with its performance as Exchange Escrow Agent, except in the event of intentional wrongdoing or negligence. Exchange Escrow Agent is authorized

only to do those acts necessary and proper to effect the purpose of this Agreement.

(x) The Exchange Escrow Agent shall use the Escrow Account, for payment of the deposit and all other payments due under the Exchange Contract to purchase the Exchange Property, plus closing costs, and for no other purpose.

(xi) If the payment for the Exchange Property shall exceed the amount of the Escrow Account, Seller either shall: (i) deposit an amount equal to such excess with Exchange Escrow Agent no later than the day of the Exchange Property Closing; or (ii) cause or direct that the funds necessary to effectuate the Exchange Property Closing be paid directly to Exchange Seller at the Exchange Property Closing.

(xii) At the Exchange Property Closing, the following shall be deposited or caused to be deposited with Exchange Escrow Agent: (i) a deed for the Exchange Property from Exchange Seller as grantor to Seller, as grantee; and (ii) any other documents or agreements necessary or incidental to the acquisition or conveyance of the Exchange Property.

(xiii) When all documents and funds called for herein have been deposited with Exchange Escrow Agent and when a title policy can be issued on the Exchange Property to Seller, subject only to title exceptions approved by Seller, Exchange Escrow Agent shall record the deed, disburse the funds and deliver all other documents to Seller. All expenses, reimbursements and prorations in connection with the Exchange Property shall be governed by the provisions of the Exchange Contract, except as expressly set forth herein.

(xiv) Purchaser makes no warranty with respect to the Exchange Property and Seller assumes all responsibility for title to the Exchange Property being good and marketable. Seller agrees to indemnify Purchaser and hold Purchaser harmless from any damages, liability, costs, expenses, claims, losses or demands (including reasonable attorneys' fees and costs of litigation including those for enforcing this indemnity), arising out of or in any way related to the acquisition of the Exchange

Property. If the Exchange Property is subject to any mortgage, deed of trust or lease, Purchaser shall assume no liability or obligation with respect to said mortgage, deed of trust or lease. Purchaser makes no representations as to the tax consequences of any aspect of this transaction.

(xv) If the Exchange Property as may be designated by Seller is not conveyed to Seller within the earlier of: (i) one hundred eighty (180) days after Closing; or (ii) the due date (determined with regard to extensions) of Seller's federal income tax return for the taxable year in which the transfer of the Property occurs or if no Exchange Property is designated within forty-five (45) days following Closing, then the Escrow Account shall be released to Seller, free of the escrow, and the obligations of Purchaser and Exchange Escrow Agent shall end. Notwithstanding failure of the Exchange Property to be conveyed to Seller as hereinabove set forth, the transfer of the Property to Purchaser shall not be subject to recession or revocation by Seller or Purchaser for any reason whatsoever.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals or caused these presents to be signed and sealed by duly authorized persons the day and year first above written.

SELLER:

WITNESS: LANCER ASSOCIATES, L.L.C.

_____ By:_____
Name:_____
Title:_____

PURCHASER:

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

_____ By:_____
Name:_____
Title:_____

AS TO PARAGRAPH 23:

WITNESS or ATTEST: ARCHER & GREINER (Escrow Agent)

_____ By:_____

AS TO PARAGRAPH 25:

WITNESSES:

_____ _____
WILLIAM G. PRICE, JR.

_____ _____
JOHN S. MCGARVEY

SCHEDULE "A"

PREMISES

ALL THOSE CERTAIN tracts or parcels of land and premises thereon situate in the Township of Moorestown, County of Burlington, and State of New Jersey, bounded and described according to a plan of subdivision titled "FISHER DEVELOPMENT CO., TECHNI-PARK, MOORESTOWN, N.J.", dated May 14, 1986 and revised to November 2, 1987, by Paull Engineering of Cherry Hill, New Jersey, as follows:

BEGINNING at a point in the Southwesterly line of Lancer Road, 66 feet wide, said point being the Southeasterly end of a curve connecting the Southeasterly line of Glen Avenue, 66 feet wide, with the Southwesterly line of Lancer Road, said connecting curve having a radius of 32 feet; thence

(1) South 38 degrees 22 minutes 54 seconds East 294.70 feet continuing along the Southwesterly line of Lancer Road to a point corner to lots 3 and 4, Block 200 C, said plan; thence

(2) South 51 degrees 37 minutes 06 seconds West 368.00 feet along the line of lot 3 to a point in the centerline of a 12 feet wide drainage easement, corner to lots 3, 4, 5 and 6, said plan; thence

(3) North 38 degrees 22 minutes 54 seconds West 326.70 feet along the line of Lot 5 and the centerline of the 12 feet wide drainage easement to a point in the Southeasterly line of Glen Avenue, corner to lots 4 and 5, said plan; thence

(4) North 51 degrees 37 minutes 06 seconds East 336.00 feet along the Southeasterly line of Glen Avenue to a point; thence

(5) Southeasterly, curving to the right with a radius of 32 feet, an arc

distance of 50.27 feet along the above mentioned connecting curve to a point in the Southwesterly line of Lancer Road and the point and place of beginning.

BEGINNING at a point in the Southwesterly line of Lancer Road, 66 feet wide, corner to lots 3 and 4 on above mentioned plan, said point being South 38 degrees 22 minutes 54 seconds East 294.70 feet from the Southeasterly end of a curve connecting the Southeasterly line of Glen Avenue, 66 feet wide, with the Southwesterly line of Lancer Road, said connecting curve having a radius of 32 feet; thence

(1) South 38 degrees 22 minutes 54 seconds East 326.10 feet continuing along the Southwesterly line of Lancer Road to a point in a 25 feet wide utility, sanitary sewer, and drainage easement, corner to lots 2 and 3, Block 200 C, said plan; thence

(2) South 51 degrees 37 minutes 06 seconds West 368.00 feet along the line of lot 2, and 15 feet from the Northwesterly line of the above mentioned 25 feet wide easement to a point in the centerline of a 15 feet wide drainage easement, corner to lots 3 and 6, said plan; thence

(3) North 38 degrees 22 minutes 54 seconds West 326.10 feet along the line of Lot 6 and the centerline of the 15 feet wide drainage easement to a point, corner to lots 3, 4, 5 and 6, said plan; thence

(4) North 51 degrees 37 minutes 06 seconds East 368.00 feet along the line of lot 4, said plan, to a point in the

Southwesterly line of Lancer Road and the point and place of beginning.

BEING COMMONLY KNOWN AS Lots 2, & 4, Block 300 on the Tax Map of the Township of Moorestown.

SCHEDULE "B"

LIST OF PLANS AND SPECIFICATIONS

SCHEDULE "C"

FORM OF PURCHASER LETTER OF CREDIT

[Letterhead of the Bank]

_____, 19__

BENEFICIARY:
[Seller Name]
[Seller Address]

Irrevocable Letter of Credit No.

Gentlemen:

We hereby issue our Irrevocable Letter of Credit No. _____ ("LETTER OF CREDIT") in your favor, for the account of Mack-Cali Realty, L.P. ("Purchaser") in an amount equal to One Hundred Thousand ($100,000.00) Dollars.

Drawings under this Letter of Credit shall be by one or more sight drafts, in the form of Exhibit 1 hereto, presented at our office, bearing this Letter of Credit number and accompanied by the original of this Letter of Credit and a statement by you that "the amount of this drawing represents an application of the deposit in accordance with the Agreement of Sale, dated _____,

between Lancer Associates, L.L.C. as seller, and Purchaser."

Partial drawings under this Letter of Credit are permitted. We will, immediately after each presentation of this Letter of Credit, return the same to you, marking this Letter of Credit to show the amount paid by us and the date of such payment.

WE HEREBY AGREE WITH EACH DRAWER, ENDORSER AND BONA FIDE HOLDER OF ANY DRAFT DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT THAT SUCH DRAFT WILL BE DULY HONORED ON DUE PRESENTATION TO US.

THIS LETTER OF CREDIT SHALL EXPIRE AT THE CLOSE OF BUSINESS ON THE DATE THAT IS _____ FROM THE DATE OF THIS LETTER OF CREDIT.

All drafts, documents, instructions and communications pertinent to this Letter of Credit must be presented to our office located at _____, Attention: Letter of Credit Department, or at any other office in New Jersey which may be designated by our written notice delivered to you.

This Letter of Credit is issued subject to the Uniform Customs and Practice for Documentary Credits (1994 revision), International Chamber of Commerce Publication No. 500, and any amendments thereof. This Letter of Credit shall be deemed to be a contract made under the laws of the State of New Jersey and shall, as to matters not governed by said Uniform Customs and Practice for Documentary Credits, be governed by and construed in accordance with the laws of said State.

Yours very truly,

[Name of Issuing Bank]

By:_____
Authorized Signature

By:_____
Authorized Signature

SCHEDULE "D"

PERMITTED ENCUMBRANCES

I. 1. Declaration of Restriction for Buffer Area and Storm Water Easement, recorded with the Burlington County Clerk on October 9, 1996 in book 5244 at page 281, creating a 40 foot wide planting buffer and 20 foot wide drainage easement, provided and on the condition that such Declaration and the easements and restrictions therein do not adversely affect Purchaser's use and enjoyment of the Property and the improvements erected or to be erected thereon.

2. Easement to Public Service Electric and Gas, recorded with the Burlington County Clerk on September 19, 1978 in book 2112 at page 327, for gas line, provided and on the condition that such Easement and the use thereof does not adversely affect Purchaser's use and enjoyment of the Property and the improvements erected or to be erected thereon.

3. Easement to the Township of Moorestown, recorded with the Burlington County Clerk on June 27, 1980 in book 2372 at page 163, for storm sewer lines, provided and on the condition that such Easement and the use thereof does not adversely affect Purchaser's use and enjoyment of the Property and the improvements erected or to be erected thereon.

SCHEDULE E

SURVEY REQUIREMENTS

(a) Calculated "metes and bounds" boundary data shown on the drawing with orientation, etc.

(b) Narrative legal description as recorded in local records together with a "metes and bounds" boundary survey. The survey must show any items to which reference is made in legal description and/or "metes and bounds" description.

(c) Location, description (with any recorded data) of all easements, servitudes, right-of-ways and other encroachments whether recorded or otherwise

evident.

(d) Location and size of all utilities including water, electricity, gas, telephone, sewer, etc.

(e) Topography and terrain features shown on drawing with B.M. noted relative to local established datum.

(f) Size, variety and location of plantings.

(g) Adjoining property owners of record.

(h) Set backs, building lines and other local or deed restrictions.

(i) Zoning of parcel.

(j) Location and nature of site improvements including curbs, catch basins, sidewalks, etc.

(k) Location and orientation of the building on the site.

(l) Note any previously recorded lot lines, servitudes, etc., that have been replatted or vacated.

Statement of Certification by a registered surveyor as follows:

"To Mack-Cali Realty, L.P., Mack-Cali Realty Corporation, Cole Schotz Meisel Forman & Leonard, P.A. and First American Title Insurance Company:

The undersigned certifies to the best of his professional knowledge, information and belief that this map or plat and the survey on which it was based were made (i) in accordance with "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys", jointly established and adopted by ALTA and ACSM in 1992; (ii) includes Table A Items No. 2, 3, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16 and 17 as specifically defined therein, and (iii) pursuant to the Accuracy Standards (as adopted by ALTA and ACSM and in effect on the date of this Certification) of an Urban Survey."

_____

SCHEDULE "F"

LIST OF TENANTS AND LEASES

<TABLE>
<CAPTION>

TENANT NAME/ADDRESS	LEASE COMMENCEMENT DATE	LEASE TERMINATION DATE	RENEWAL, EXTENSION OR OTHER RIGHTS OR OPTIONS; HAVE SAID RIGHTS OR OPTIONS BEEN EXERCISED	CURRENT ANNUAL BASE RENT	ADDITIONAL RENT BASE AND ADDITIONAL RENT WERE PAID; PERIOD COVERED	DATE LAST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tad's Delivery Service, Inc. t/a T&N Van Service, Inc. Moorestown, NJ	4/1/98	3/31/08	2, 5 year renewals; Not to be exercised until 2008	$365,400.00	None required at the time of this Agreement	None required at the time of this Agreement

SECURITY DEPOSIT; INTEREST EARNED	FUTURE CONCESSION, REBATE, ALLOWANCE, FREE RENT PERIOD OR OTHER CONSIDERATIONS	RIGHT TO PURCHASE OWNERSHIP INTEREST PROPERTY	IS LANDLORD OR TENANT IN BREACH OR DEFAULT?
$58,666.66	None	Tenant has 3 options	No

		to purchase the premises: 1st option 4/1/98-3/31/03; 2nd option 7/1/98-10/31/98; 3rd option 11/1/07-2/28-08	

</TABLE>

SCHEDULE "G"

ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS made and executed this ___ day of _____, 19___ by and between LANCER ASSOCIATES, L.L.C., a New Jersey limited liability company, having an office at 840 N. Lenola Road, Moorestown, New Jersey 08057 ("Assignor") and MACK-CALI REALTY, LP., a New Jersey limited partnership, having an address at 11 Commerce Drive, Cranford, New Jersey 07016 ("Assignee").

WHEREAS, Assignor is the owner of certain land located in the Township of Moorestown, County of Burlington, State of New Jersey and more particularly described on EXHIBIT A annexed hereto and made a part hereof, and the improvements thereon (the land and improvements hereinafter collectively referred to as the "Premises");

WHEREAS, Assignor has agreed to sell and convey to Assignee and Assignee has agreed to purchase the Premises;

WHEREAS, the Premises is subject to certain tenant leases ("Leases") and Landlord has possession of certain security deposits ("Security Deposits") more fully described on EXHIBIT B attached hereto and made a part hereof; and

WHEREAS, in connection with the sale and purchase of the Premises, Assignor has agreed to assign to Assignee the Leases and the Security Deposits and Assignee has agreed to assume from Assignor the obligations under said Leases.

NOW, THEREFORE, in consideration of One ($1.00) Dollar and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Assignor does by these presence assign to Assignee all of Assignor's right, title and interest in and to the Leases and Security Deposits.

Assignee does by these presence assume and agrees to perform and discharge all of the obligations of Assignor under and pursuant to said Leases from this date forward.

Assignee hereby indemnifies and agrees to hold Assignor harmless from and against any and all claims arising out of or related to the Leases or Security Deposits accruing from and after this date, including reasonable attorneys' fees and costs in the defense of such claims.

Assignor hereby indemnifies and agrees to hold Assignee harmless from and against all claims arising out of or related to the Leases and Security Deposits accruing prior to the date hereof, including reasonable attorneys' fees and costs in the defense of such claims.

This Assignment and Assumption is binding on the parties

hereto and their respective heirs, administrators, executors and

and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have each caused these presence to be signed by its proper corporate officer as of the date first above written.

ATTEST: LANCER ASSOCIATES, L.L.C.
Assignor

_____ By:_____
Name: _____
Title: _____

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

_____ By:_____
Name: _____
Title:_____

STATE OF NEW JERSEY

COUNTY OF
)
)
)

SS.:

I CERTIFY that on _____ , 19__, _____ personally came before me and this person acknowledged under oath, to my satisfaction, that:

(a) this person signed, sealed, and delivered the attached document as the _____;

(b) the proper corporate seal was affixed; and

(c) this document was signed and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors.

_____

STATE OF NEW JERSEY

COUNTY OF
)
)
)

SS.:

I CERTIFY that on _____, 19___, _____ personally came before me and this person acknowledged under oath, to my satisfaction, that:

(a) this person signed, sealed, and delivered the attached document as the _____;

(b) the proper corporate seal was affixed; and

(c) this document was signed and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors.

_____

STATE OF NEW JERSEY

COUNTY OF
)
)
)

SS.:

I CERTIFY that on _____ , 19___, _____ personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

(a) is named in and personally signed the attached document; and

(b) signed, sealed and delivered this document as his or her act and deed.

_____

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

LEASES AND SECURITY DEPOSITS

SCHEDULE "H"

TENANT NOTICE

Lancer Associates, L.L.C.
c/o McGarvey Development Co., Inc.
840 North Lenola Road
Moorestown, New Jersey 08057

[Date]

[Tenant Name]
[Tenant Address]

Re: [Property Address]

Dear Tenant:

Please be notified that Lancer Associates, L.L.C. has sold its interest in the Property to Mack-Cali Realty, L.P. You are requested to forward all future rent payments, additional charges, and all notices required to be given under the Lease, to the new Landlord at the following address:

_____
_____
_____
_____

Your security deposit of $_____ has also been transferred.

Sincerely,

LANCER ASSOCIATES, L.L.C.

By:_____
Name:_____

SCHEDULE "I"

ESTOPPEL CERTIFICATE

Mack-Cali Realty, L.P.
11 Commerce Drive
Cranford, New Jersey 07016

RE: _____
_____ (the "Property")

The undersigned, as Tenant under that certain lease dated _____ (the "Lease"), made with LANCER ASSOCIATES, L.L.C., as Landlord, does hereby warrant and represent to Mack-Cali Realty, L.P. and its assigns and successors (the "Purchaser") and to any lender or mortgagee of Purchaser with respect to Purchaser's acquisition and financing of the Property of which the Demised Premises (as hereinafter defined) form a part:

1. That the premises leased by Tenant (the "Demised Premises") pursuant to the Lease are described as:

Unit(s) _____ consisting of _____
square feet;

2. That the Lease has not been modified, changed, altered or amended in any respect, except as set forth below. If none, state "none". A true and complete copy of the Lease, together with any and all modifications, amendments and/or assignments thereto, are annexed hereto as Exhibit A;

3. That the full name and current mailing address for Tenant, and the address for all notices to Tenant, are set forth below:

4. That the Demised Premises have been completed in accordance with the terms of the Lease, that Tenant has accepted possession of the Demised Premises and that Tenant now occupies the same, and is open for business. All improvements, alterations or additions to be constructed on the Demised Premises by Landlord pursuant to the Lease have been completed and accepted by Tenant and any other item of an executory nature has been completed under the terms of the Lease. All contributions required from Landlord for improvements to the Demised Premises, if any, have been paid in full to Tenant;

5. That the original Lease term began on _____, 19__ and will expire on _____, 19__;

6. That Tenant pays rent on a current basis and rent has been paid through _____; that no rent has been paid by Tenant for more than one month in advance; that the annual fixed rent payable to Landlord is $_____; that as of the date hereof, additional rent of $_____ is payable to Landlord on account of utility costs, real estate taxes and operating expenses; that the base amount for such additional rent is $_____; that there is no claim or basis for an adjustment thereto; and that the amounts of fixed and additional rent are being paid on a current basis;

7. That Tenant has not given Landlord any notice of any claim arising under the Lease nor any notice of a default on the part of the Landlord under the Lease which has not been cured. There are no defaults by Landlord under the Lease as of the date hereof. As of the date hereof, the undersigned is entitled to no credit, no free rent, and no offset, counterclaim or deduction in rent;

8. That the Lease is not in default and is now in full force and effect and has not been assigned nor any portion of the Demised Premises sublet except as set forth in Paragraph 2 above, and the Lease is the only agreement between Landlord and the undersigned regarding the Demised Premises;

9. That Tenant has paid to Landlord a security deposit of $_____ and Tenant has no knowledge of any claim made by Landlord against the security deposit;

10. That Tenant has _____ option(s) to renew the Lease for a period of _____ years upon the terms set forth in the Lease, and that none of such options have been exercised except _____;

11. That Tenant has no (i) option to expand into additional space in the Property, (ii) right of first refusal or first offer of any space in the

Property, or (iii) option to acquire all or any part of the property in which the Demised Premises are located;

12. Except as set forth on Exhibit B, Tenant does not use, store, manufacture, generate, handle or dispose of at the Property, any chemical, element or compound which is identified or classified as a regulated substance, toxic substance, hazardous substance, hazardous waste, pollution, pollutant, toxic pollutant, contaminant, solid waste or special waste ("Hazardous Materials") under any law, ordinance, rule, regulation, order, directive or requirement of any governmental authority ("Laws"), other than small quantities of household cleaning and office supplies. To the extend Hazardous Materials are set forth on Exhibit B, each of such Hazardous Materials is used, stored, manufactured, generated, handled and disposed of in accordance with Law; and

13. Tenant's Standard Industrial Classification ("SIC") Number is _____.

14. That no actions, whether voluntary or otherwise, are pending against the undersigned under the bankruptcy laws of the United States or any State thereof.

Dated _____, 199__

TENANT:

_____

By:_____
Name:_____
Title:_____

EXHIBIT A

LEASE

EXHIBIT B

DESCRIPTION OF HAZARDOUS MATERIAL

SCHEDULE "J"

BROKERAGE COMMISSIONS

<TABLE>
<CAPTION>

BROKER NAME	TENANT NAME	DESCRIPTION OF PREMISES	AGREEMENT	COMMISSION	PAYMENT DATE(S)	EXP. OF COMM. OBLIGATIONS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
GMH Realty	T & N	Unit 1 Lancer and Glenn Moorestown, NJ		6% of rental	As collected	none

</TABLE>

SCHEDULE "K"

INTENTIONALLY DELETED

SCHEDULE "L"

LIST OF GUARANTEES

None

SCHEDULE "M"

LIST OF CONTRACTS

None

SCHEDULE "N"

LIST OF ACTIONS

None

SCHEDULE "O"

LIST OF INSURANCE

The insurance set forth in Section 4(e) of this Agreement.

SCHEDULE "P"

SELLER'S ENVIRONMENTAL REPORTS

BLOCK 300, LOTS 1-4, FLEX BUILDINGS XXV AND XXVI, MOORESTOWN, NJ:

Date	Description
9/08/97	Soil and Foundation Engineering Report prepared by Underwood Engineering Company for McGarvey Development

SCHEDULE "Q"

ENVIRONMENTAL MATTERS

None

SCHEDULE "R"

FORM OF GUARANTY

IN CONSIDERATION of Ten ($10.00) Dollars and other good and valuable consideration to the undersigned, WILLIAM G. PRICE, JR. AND JOHN S. MCGARVEY, jointly and severally (collectively, "Guarantor"), in hand paid, receipt whereof is hereby acknowledged, and in further consideration for and as an inducement to MACK-CALI REALTY, L.P., a New Jersey limited partnership ("Purchaser"), to enter into that certain Agreement of Sale ("Agreement") with LANCER ASSOCIATES, L.L.C., as Seller ("Seller") for certain real property located in Moorestown, New Jersey (the "Property") as more particularly described in the Agreement, Guarantor acknowledges that it is a related person to Seller and that the sale of the Property as contemplated in the Agreement is of material value and benefit to Guarantor; therefore, Guarantor does hereby unconditionally, absolutely and irrevocably guarantee to Purchaser, its successors and assigns, the full, timely, and faithful payment and performance of all Obligations (as defined in the Agreement) of Seller, and any damages payable to Purchaser arising from Seller's failure to timely perform Seller's Obligations. This Guarantee shall not require any diligence, presentment, notice of non-performance or non-observance, or proof, or notice, or demand, whereby to charge Guarantor, all of which Guarantor hereby expressly waives. Guarantor expressly agrees that the validity of this Guarantee and the obligations of Guarantor hereunder shall not be terminated, affected or impaired by reason of the assertion by Purchaser against Seller of any of the rights or remedies reserved to Purchaser pursuant to the provisions of the Agreement.

With respect to the payment by Seller of any sums of money to Purchaser, including, without limitation, any damages payable to Purchaser arising from Seller's failure to timely perform Seller's Obligations, this Guarantee is a guarantee of payment and not of collection. With respect to non-monetary obligations of Seller, this Guarantee is a guarantee of performance of all of the Obligations of Seller under the Agreement. Guarantor hereby waives exhausting of recourse against Seller or any collateral and agrees that any action brought for the enforcement of rights under the Agreement or under this Guarantee may, in Purchaser's discretion, be brought against Guarantor and/or Seller jointly or severally. Guarantor hereby agrees that the failure of Purchaser to require strict performance of any of the terms of the Agreement, or any extension of time, concession, indulgence, or waiver of performance granted by Purchaser shall not release Guarantor from liability under this Guarantee. Guarantor hereby expressly agrees that no act or omission of any nature whatsoever by Seller or Purchaser shall release Guarantor from its obligations under this Guarantee and that the obligations of Guarantor hereunder shall be primary, direct and unconditional irrespective of any circumstances which might otherwise constitute a legal or equitable discharge of a guarantor or surety, including, without limitation, (i) any extensions, removal, settlement, compromise, waiver, or release in respect of any obligation of Seller under the Agreement, by operation of law or otherwise, (ii) the existence of any claim, set-off or other right which Guarantor may have at any time against Purchaser, Seller or any other person or entity, whether in connection herewith or with any unrelated transaction, (iii) the genuineness, validity, regularity, or enforceability of the Agreement or any other instrument between Seller and Purchaser, (iv) any substitution, release or exchange of any other guarantee of or security for the Obligations, (v) the release or substitution of any one or more of any Seller, endorser or Guarantor or any person or entity comprising any one of them, or (vi) any Obligation shall be determined to be void or voidable. Without limiting the generality of the provisions of this

Guarantee, Guarantor hereby specifically waives: (a) any requirement that Purchaser protect, secure or insure any lien or any property subject thereto or exhaust any right or take any action against Seller or any collateral or undertake any marshalling of assets; (b) the right to direct the order of enforcement or remedies, (c) any defense arising by reason of any claim or defense based upon an election of remedies by Purchaser which in any manner impairs, reduces, releases or otherwise adversely affects its subrogating, contribution or reimbursement rights or other rights to proceed against Seller or any collateral; (d) any duty on the part of Purchaser to disclose to Guarantor any matter, fact or thing relating to the business, operation or condition of the Properties (as defined in the Agreement) or Seller and its assets now known or hereafter known by Purchaser. The obligations of Guarantor hereunder shall survive the termination or expiration of the Agreement.

Guarantor hereby agrees that any subsequent change, modification, amendment, extension or renewal of either of the Agreement or any of its respective terms, covenants or conditions, may be agreed or consented to by Purchaser or any successors in interest, without notice to or consent of Guarantor and without in any manner releasing or relieving Guarantor from its

present or future liability under the Agreement or this Guarantee. Guarantor agrees that notwithstanding any change, modification, amendment, extension or renewal of the Agreement, the obligations hereunder of Guarantor shall extend and apply with respect to the full, timely, and faithful performance and observance of all the covenants, terms and conditions of the Agreement as modified.

Neither Guarantor's obligation to make payment in accordance with the terms of this Guarantee nor any remedy for the enforcement thereof shall be impaired, modified, released or limited in any way by any impairment, modification, release, or limitation of the liability of Guarantor or Seller or their respective estate in bankruptcy, resulting from the obligation of any present or future provision of the Bankruptcy Code of the United State as amended from time to time or from the decision of any court interpreting the same, or by any insolvency, reorganization, or dissolution. The obligations of Guarantor under this Guarantee shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of any persons in respect of the Obligations is rescinded or must be otherwise restored by Purchaser or any other holder or recipient of payment or performance of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and Guarantor agrees that it will pay to Purchaser on demand all reasonable out-of-pocket costs and expenses (including, without limitation, fees of counsel) incurred by Purchaser in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

For so long as the Guarantee is in effect, Guarantor waives any rights that Guarantor may have against Seller by reason of any one or more payments or acts in compliance with the obligations of Guarantor under this Guarantee, and subordinates any liability or indebtedness of Seller held by Guarantor to the obligations of Seller to Purchaser under the Agreement.

This Guarantee shall be in effect until Seller has fully and faithfully performed the Obligations of Seller in accordance with the terms of the Agreement. This Guarantee shall be binding upon the undersigned and its successors and assigns. Guarantor represents and warrants that this Guarantee has been duly executed and delivered, and constitutes Guarantor's valid and legally binding agreement in accordance with its terms.

This Guarantee shall be governed by, interpreted under the laws of, and enforced in the courts of the State of New Jersey. Guarantor irrevocably appoints Seller as its agent for the service of process related to this Guarantee.

Guarantor hereby waives the right to a jury trial in any action or proceeding that may hereafter be instituted by Purchaser against Guarantor with respect to this Guarantee. Guarantor shall pay to Purchaser, all of Purchaser's expenses, including but not limited to, reasonable attorneys' fees and costs incurred in successfully enforcing the provisions of this Guarantee.

IN WITNESS WHEREOF, the undersigned has caused these presents to be duly executed and sealed this ____ day of _____, 1998.

WITNESS

_____ _____
William G. Price, Jr.

_____ _____
John S. McGarvey

SCHEDULE "S"

PCB TRANSFORMERS

None

SCHEDULE "T"

ADJACENT PROPERTIES

	ADDRESS OF PROPERTY	TAX BLOCK/LOT
1.	2 Commerce Drive Moorestown, NJ	B.502/L.18
2.	101 Commerce Drive Moorestown, NJ	B.501/L.3
3.(a)	102 Commerce Drive Moorestown, NJ	B.501/L.16
(b)	202 Commerce Drive Moorestown, NJ	B.502/L.17
4.	201 Commerce Drive Moorestown, NJ	B.502/L.10
5.	1 Executive Drive Moorestown, NJ	B.500/L.1
6.	2 Executive Drive Moorestown, NJ	B.501/L.5
7.	101 Executive Drive Moorestown, NJ	B.500/L.2
8.	102 Executive Drive Moorestown, NJ	B.501/L.1
9.	225 Executive Drive Moorestown, NJ	B.502/L.3 & 4
10.	97 Foster Road Moorestown, NJ	B.200/L.4
11.	1507 Lancer Drive Moorestown, NJ	B.301/L.8
12.	1256 North Church St. Moorestown, NJ	B.302/L.2 & 3
13.	840 North Lenola Road Moorestown, NJ	B.400/L.8
14.	844 North Lenola Road Moorestown, NJ	B.400/L.8
15.	30 Twosome Drive Moorestown, NJ	B.3504/L.6
16.	40 Twosome Drive Moorestown, NJ	B.3504/L.5
17.	50 Twosome Drive Moorestown, NJ	B.3504/L.4
18.	3 Terri Lane Burlington, NJ	B.120.03/L.2
19.	5 Terri Lane Burlington, NJ	B.120.03/L.1
20.	1413 Metropolitan Ave West Deptford (Thorofare) (Gloucester County)	B.346.05/L.5

TABLE OF CONTENTS

AGREEMENT OF SALE

BETWEEN

LANCER ASSOCIATES, L.L.C.,

AS SELLER

AND

MACK-CALI REALTY, L.P.,

AS PURCHASER

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