

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

**FORM 10-K**

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

**For the fiscal year ended December 31, 2000**

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

**Commission File Number: 1-13274**

**MACK-CALI REALTY CORPORATION**

(Exact Name of Registrant as specified in its charter)

<b>Maryland</b> (State or other jurisdiction of incorporation or organization)	<b>22-3305147</b> (IRS Employer Identification No.)
<b>11 Commerce Drive, Cranford, New Jersey</b> (Address of principal executive offices)	<b>07016-3599</b> (Zip code)

**(908) 272-8000**

(Registrant's telephone number, including area code)

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

(Title of Each Class)

(Name of Each Exchange on Which Registered)

**Common Stock, \$0.01 par value**

**New York Stock Exchange  
Pacific Exchange**

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

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

As of February 15, 2001, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$1,546,641,953. The aggregate market value was computed with references to the closing price on the New York Stock Exchange on such date. This calculation does not reflect a determination that persons are affiliates for any other purpose.

As of February 15, 2001, 56,924,613 shares of common stock, \$0.01 par value, of the Company ("Common Stock") were outstanding.

**LOCATION OF EXHIBIT INDEX:** The index of exhibits is contained in Part IV herein on page number 57.

**DOCUMENTS INCORPORATED BY REFERENCE:** Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's annual meeting of shareholders to be held on May 15, 2001 are incorporated by reference in Part III of this Form 10-K.

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## PART I

### ITEM 1. BUSINESS

#### GENERAL

Mack-Cali Realty Corporation, a Maryland corporation (together with its subsidiaries, the “Company”), is a fully-integrated, self-administered and self-managed real estate investment trust (“REIT”) that owns and operates a real estate portfolio comprised predominantly of Class A office and office/flex properties located primarily in the Northeast. The Company performs substantially all commercial real estate leasing, management, acquisition, development and construction services on an in-house basis. Mack-Cali Realty Corporation was incorporated on May 24, 1994. The Company’s executive offices are located at 11 Commerce Drive, Cranford, New Jersey 07016, and its telephone number is (908) 272-8000. The Company has an internet website at [www.mack-cali.com](http://www.mack-cali.com).

As of December 31, 2000, the Company owned or had interests in 267 properties, aggregating approximately 28.2 million square feet (collectively, the “Properties”), plus developable land. The Properties are comprised of: (a) 255 wholly-owned or Company-controlled properties consisting of 155 office buildings and 87 office/flex buildings totaling approximately 26.3 million square feet, six industrial/warehouse buildings totaling approximately 387,400 square feet, two multi-family residential complexes consisting of 451 units, two stand-alone retail properties and three land leases (collectively, the “Consolidated Properties”); and (b) eight office buildings and four office/flex buildings aggregating 1.5 million square feet, owned by unconsolidated joint ventures in which the Company has investment interests. Unless otherwise indicated, all references to square feet represent net rentable area. As of December 31, 2000, the office, office/flex and industrial/warehouse properties included in the Consolidated Properties were approximately 96.8 percent leased to over 2,400 tenants. The Properties are located in 11 states, primarily in the Northeast, plus the District of Columbia.

The Company’s strategy has been to focus its acquisition, operation and development of office properties in markets and sub-markets where it believes it is, or can become, a significant and preferred owner and operator. The Company will continue this strategy by expanding, through acquisitions and/or development, in Northeast markets and sub-markets where it has, or can achieve, similar status. The Company believes that its Properties have excellent locations and access and are well-maintained and professionally managed. As a result, the Company believes that its Properties attract high quality tenants and achieve among the highest rental, occupancy and tenant retention rates within their markets. Management believes that the recent trend towards increasing rental rates in the Company’s sub-markets continues to present opportunities for internal growth. Management also believes that its extensive market knowledge provides the Company with a significant competitive advantage which is further enhanced by its strong reputation for, and emphasis on, delivering highly responsive, professional management services. See “Business Strategies”.

As of December 31, 2000, executive officers and directors of the Company and their affiliates owned approximately 10.9 percent of the Company’s outstanding shares of Common Stock (including Units redeemable or convertible into shares of Common Stock). As used herein, the term “Units” refers to limited partnership interests in Mack-Cali Realty, L.P., a Delaware limited partnership (“Operating Partnership”), through which the Company conducts its real estate activities. The Company’s executive officers have been employed by the Company and/or its predecessor companies for an average of approximately 13 years.

## **BUSINESS STRATEGIES**

### **Operations**

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

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

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

### **Growth**

The Company plans to continue to own and operate a portfolio of properties in high-barrier-to-entry markets, with a primary focus in the Northeast and a presence in California. The Company's primary objectives are to maximize funds from operations and to enhance the value of its portfolio through effective management, acquisition, development and property sales strategies, as follows:

Internal Growth: The Company seeks to maximize the value of its existing portfolio through implementing operating strategies designed to produce increased effective rental and occupancy rates and decreased tenant installation costs. The Company believes that it has opportunity for internal growth through re-leasing space at higher effective rents with contractual rent increases and developing or redeveloping space for its diverse base of high credit tenants, including AT&T Corporation, Allstate Insurance Company and IBM Corporation. In addition, the Company's management seeks volume discounts to take advantage of the Company's size and dominance in particular sub-markets, and operating efficiencies through the use of in-house management, leasing, marketing, financing, accounting, legal, development and construction functions. The Company believes that the combination of these factors should allow the Company continued internal growth over the next several years.

Acquisitions: The Company also believes that growth opportunities exist through acquiring operating properties or properties for redevelopment with attractive returns in its core Northeast sub-markets where, based on its expertise in leasing, managing and operating properties, it believes it is, or can become, a significant and preferred owner and operator. The Company intends to acquire, invest in or redevelop additional properties that: (i) provide attractive initial yields with potential for growth in cash flow from operations; (ii) are well-located, of high quality and competitive in their respective sub-markets; (iii) are located in its existing sub-markets or in sub-markets in which the Company can become a significant and preferred owner or operator; and (iv) have been under-managed or are otherwise capable of improved performance through intensive management, capital improvements and/or leasing that will result in increased occupancy and rental revenues.

*Development:* The Company, directly or through joint ventures, is underway on the construction of eight office and office/flex buildings. The most significant development activity is currently at the Company's Harborside Financial Center office complex in Jersey City, New Jersey. Three of the eight properties currently under construction are located at the complex and consist of two office towers, aggregating approximately 1.6 million square feet, and a 350-room Hyatt Regency hotel. The Company also recently completed and placed in service a 185,000 square-foot office/ 1,100 space parking garage project at Harborside. See "Liquidity and Capital Resources – Capitalization."

Additionally, the Company may selectively develop additional properties where it believes such development will result in a favorable risk-adjusted return on investment in coordination with the above operating strategies. Such development primarily will occur: (i) when leases have been executed prior to construction; (ii) in stable core Northeast sub-markets where the demand for such space exceeds available supply; and (iii) where the Company is, or can become, a significant and preferred owner and operator.

*Property Sales:* As part of its focused strategy, the Company plans to sell substantially all of its properties located in the Southwestern and Western regions, using such proceeds primarily to invest in property acquisitions and development projects in its core Northeast markets. Additionally, while management's principal intention is to own and operate its properties on a long-term basis, it is constantly assessing the attributes of each of its properties, with a particular focus on the supply and demand fundamentals of the sub-markets in which they are located. Based on these ongoing assessments, the Company may, from time to time, decide to sell any of its properties.

### **Financial**

The Company currently intends to maintain a ratio of debt-to-undepreciated assets (total debt of the Company as a percentage of total undepreciated assets) of approximately 50 percent or less. As of December 31, 2000, the Company's total debt constituted approximately 40.9 percent of total undepreciated assets of the Company. The Company has three investment grade credit ratings. Standard & Poor's Rating Services ("S&P") and Fitch, Inc. ("Fitch") have each assigned their BBB rating to existing and prospective senior unsecured debt of the Operating Partnership. S&P and Fitch have also assigned their BBB- rating to prospective preferred stock offerings of the Company. Moody's Investors Service has assigned its Baa3 rating to existing and prospective senior unsecured debt of the Operating Partnership and its Ba1 rating to prospective preferred stock offerings of the Company. Although there is no limit in the Company's organizational documents on the amount of indebtedness that the Company may incur or the requirement for maintenance of investment grade credit ratings, the Company has entered into certain financial agreements which contain covenants that limit the Company's ability to incur indebtedness under certain circumstances. The Company intends to conduct its operations in order to maintain its investment grade rated status. The Company intends to utilize the most appropriate sources of capital for future acquisitions, development, capital improvements and other investments, which may include funds from operating activities, proceeds from property sales, short-term and long-term borrowings (including draws on the Company's revolving credit facilities), and the issuance of additional debt or equity securities.

### **EMPLOYEES**

As of December 31, 2000, the Company had over 400 employees.

### **COMPETITION**

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

### **REGULATIONS**

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

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

In connection with the ownership (direct or indirect), operation, management and development of real properties, the Company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, potentially liable for removal or remediation costs, as well as certain other related costs, including governmental penalties and injuries to persons and property.

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

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

## **INDUSTRY SEGMENTS**

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

## **RECENT DEVELOPMENTS**

The Company's funds from operations (after adjustment for straight-lining of rents and non-recurring charges) for the year ended December 31, 2000 was \$262.1 million as compared to \$244.2 million for the year ended December 31, 1999. As a result of the Company's improved operating performance, the Company announced, in September 2000, a 5.2 percent increase in its quarterly dividend, commencing with the Company's dividend with respect to the third quarter of 2000, from \$0.58 per share of Common Stock (\$2.32 per share of Common Stock on an annualized basis) to \$0.61 per share of Common Stock (\$2.44 per share of Common Stock on an annualized basis). The Company declared a cash dividend of \$0.61 per share on December 20, 2000 to shareholders of record as of January 4, 2001, with respect to the fourth quarter of 2000. The dividend was paid on January 22, 2001. The Company has increased its quarterly dividend for six consecutive years representing an increase of 51.1 percent over the period.

In 2000, the Company:

- acquired five operating properties aggregating 702,876 square feet at a total cost of approximately \$91.9 million;
- placed in service two properties aggregating 339,680 square feet at a total cost of approximately \$78.9 million;
- acquired two developable land parcels at a total cost of approximately \$18.3 million; and
- sold five properties, aggregating 1,759,009 square feet, and a vacant land parcel for aggregate net sales proceeds of approximately \$293.6 million.

Additionally, the Company, through unconsolidated joint ventures, placed in service six office and office/flex buildings aggregating 317,041 square feet.

### Operating Property Acquisitions

The Company acquired the following operating properties during the year ended December 31, 2000:

Acquisition Date	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a) <i>(in thousands)</i>
<b>Office</b>					
5/23/00	555 & 565 Taxter Road	Elmsford, Westchester County, NY	2	341,108	\$42,980
6/14/00	Four Gatehall Drive	Parsippany, Morris County, NJ	1	248,480	42,381
<b>Total Office Property Acquisitions:</b>			3	589,588	\$85,361
<b>Office/Flex</b>					
3/24/00	Two Executive Drive (b)	Moorestown, Burlington County, NJ	1	60,800	\$ 4,007
7/14/00	915 North Lenola Road (b)	Moorestown, Burlington County, NJ	1	52,488	2,542
<b>Total Office/Flex Property Acquisition:</b>			2	113,288	\$ 6,549
<b>Total Operating Property Acquisitions:</b>			5	702,876	\$91,910

### Properties Placed in Service

The Company placed in service the following properties through the completion of development during the year ended December 31, 2000:

Date Placed in Service	Property Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (d) <i>(in thousands)</i>
<b>Office</b>					
9/01/00	Harborside Plaza 4-A (c)	Jersey City, Hudson County, NJ	1	207,670	\$61,459
9/15/00	Liberty Corner Corp. Center	Bernards Township, Somerset County, NJ	1	132,010	17,430
<b>Total Properties Placed in Service:</b>			2	339,680	\$78,889

- (a) Transactions were funded primarily from net proceeds received in the sale or sales of rental property.
- (b) The properties were acquired through the exercise of a purchase option obtained in the initial acquisition of the McGarvey portfolio in January 1998.
- (c) Project includes seven-story, 1,100-car parking garage.
- (d) Unless otherwise noted, transactions were funded primarily through draws on the Company's credit facilities, and amounts presented are as of December 31, 2000.

### Land Acquisitions

On January 13, 2000, the Company acquired approximately 12.7 acres of developable land located at the Company's Airport Business Center, Lester, Delaware County, Pennsylvania. The land was acquired for approximately \$2.1 million.

On August 24, 2000, the Company entered into a joint venture with SJP Properties Company ("SJP Properties") to form MC-SJP Morris V Realty, LLC and MC-SJP Morris VI Realty, LLC, which acquired approximately 47.5 acres of developable land located in Parsippany, Morris County, New Jersey. The land was acquired for approximately \$16.2 million. The Company accounts for the joint venture on a consolidated basis.

## Property Sales

The Company sold the following properties during the year ended December 31, 2000:

Sale Date	Property Name	Location	# of Bldgs.	Rentable Square Feet	Net Sales Proceeds (in thousands)	Net Book Value (in thousands)	Gain/ (Loss) (in thousands)
<b>Land:</b>							
02/25/00	Horizon Center Land	Hamilton Township, Mercer County, NJ	--	39.1 acres	\$ 4,180	\$ 1,932	\$ 2,248
<b>Office:</b>							
04/17/00	95 Christopher Columbus Dr.	Jersey City, Hudson County, NJ	1	621,900	148,222	80,583	67,639
04/20/00	6900 IH-40 West	Amarillo, Potter County, TX	1	71,771	1,467	1,727	(260)
06/09/00	412 Mt. Kemble Avenue	Morris Twp., Morris County, NJ	1	475,100	81,981	75,439	6,542
09/21/00	Cielo Center	Austin, Travis County, TX	1	270,703	45,785	35,749	10,036
11/15/00	210 South 16 <sup>th</sup> Street (1)	Omaha, Douglas County, NE	1	319,535	11,976	12,828	(852)
<b>Totals:</b>			5	1,759,009	\$293,611	\$208,258	\$85,353

- (1) In connection with the sale of the Omaha, Nebraska property, the Company provided to the purchaser an \$8.8 million mortgage loan bearing interest payable monthly at an annual rate of 9.50 percent. The loan is secured by the Omaha, Nebraska property and will mature on November 14, 2003.

## Other Events

On June 27, 2000, William L. Mack was appointed Chairman of the Board of Directors and John J. Cali was named Chairman Emeritus of the Board of Directors. Brant Cali resigned as Executive Vice President, Chief Operating Officer and Assistant Secretary of the Company and as a member of the Board of Directors, and John R. Cali resigned as Executive Vice President, Development of the Company. John R. Cali was appointed to the Board of Directors of the Company to take the seat previously held by Brant Cali. See Note 3 to the Financial Statements.

On September 21, 2000, the Company and Prentiss Properties Trust, a Maryland REIT ("Prentiss"), mutually agreed to terminate the agreement and plan of merger ("Merger Agreement") dated as of June 27, 2000, among the Company, the Operating Partnership, Prentiss and Prentiss Properties Acquisition Partners, L.P., a Delaware limited partnership of which Prentiss (through a wholly-owned direct subsidiary) is the sole general partner ("Prentiss Partnership"). In connection with such termination, the Company deposited \$25.0 million into escrow for the benefit of Prentiss and Prentiss Partnership. Simultaneous with the termination, the Company sold to Prentiss its 270,703 square-foot Cielo Center property located in Austin, Travis County, Texas, and recognized a gain on the sale of approximately \$10.0 million.

## FINANCING ACTIVITY

### Issuances of Senior Unsecured Notes

On December 21, 2000, the Operating Partnership issued \$15.0 million of 7.835 percent senior unsecured notes due December 15, 2010 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions) of approximately \$14.9 million were used primarily to pay down outstanding borrowings under the Prudential Facility, as defined in Note 9 to the Financial Statements.

In January 2001, the Operating Partnership issued \$300.0 million face amount of 7.75 percent senior unsecured notes due February 15, 2011 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately \$296.3 million were used to pay down outstanding borrowings under the 2000 Unsecured Facility, as defined below. The senior unsecured notes were issued at a discount of approximately \$1.7 million.

### **Revolving Credit Facility**

On June 22, 2000, the Company obtained an unsecured revolving credit facility (“2000 Unsecured Facility”) with a current borrowing capacity of \$800.0 million from a group of 24 lenders. The interest rate on outstanding borrowings under the credit line is currently the London Inter-Bank Offered Rate (“LIBOR”) plus 80 basis points. The Company may instead elect an interest rate representing the higher of the lender’s prime rate or the Federal Funds rate plus 50 basis points. The 2000 Unsecured Facility also requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. In the event of a change in the Company’s unsecured debt rating, the interest rate and facility fee will be changed on a sliding scale. Subject to certain conditions, the Company has the ability to increase the borrowing capacity of the credit line up to \$1.0 billion. The 2000 Unsecured Facility matures in June 2003, with an extension option of one year, which would require a payment of 25 basis points of the then borrowing capacity of the credit line upon exercise.

### **Stock Repurchases**

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 outstanding common stock. Under the Repurchase Program, the Company purchased for constructive retirement 1,869,200 shares of its outstanding common stock for an aggregate cost of approximately \$52.6 million through September 12, 2000.

On September 13, 2000, the Board of Directors authorized an increase to the Repurchase Program under which the Company is permitted to purchase up to an additional \$150.0 million of the Company’s outstanding common stock above the \$52.6 million that had previously been purchased. From that date through February 15, 2001 the Company purchased for constructive retirement 2,098,300 shares of its outstanding common stock for an aggregate cost of approximately \$57.5 million under the Repurchase Program. The Company has authorization to repurchase up to an additional \$92.5 million of its outstanding common stock which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

### **RISK FACTORS**

Our results from operations and ability to make distributions on our equity and debt service on our indebtedness may be affected by the risk factors set forth below. All investors should consider the following risk factors before deciding to purchase securities of the Company. The Company refers to itself as “we” or “our” in the following risk factors and in Item 7 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Disruption in Operations Due to Year 2000 Problems”.

#### **We are dependent upon the economics of the Northeastern office markets.**

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

**Our performance is subject to risks associated with the real estate industry.**

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

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

*Financially distressed tenants may be unable to pay rent:* If a tenant defaults, we may experience delays and incur substantial costs in enforcing our rights as landlord and protecting our investments. If a tenant files for bankruptcy, a potential court judgment rejecting and terminating such tenant's lease could adversely affect our ability to make distributions or payments to our investors.

*Illiquidity of real estate limits our ability to act quickly:* Real estate investments are relatively illiquid. Such illiquidity may limit our ability to react quickly in response to changes in economic and other conditions. If we want to sell an investment, we might not be able to dispose of that investment in the time period we desire, and the sales price of that investment might not recoup or exceed the amount of our investment. The prohibition in the Internal Revenue Code of 1986, as amended, and related regulations on a real estate investment trust holding property for sale also may restrict our ability to sell property. In addition, we acquired a significant number of our properties from individuals to whom we issued limited partnership units as part of the purchase price. In connection with the acquisition of these properties, in order to preserve such individual's tax deferral, we contractually agreed not to sell or otherwise transfer the properties for a specified period of time, subject to certain exceptions. The above limitations on our ability to sell our investments could adversely affect our ability to make distributions or payments to our investors.

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

*Environmental problems are possible and may be costly:* Various federal, state and local laws and regulations subject property owners or operators to liability for the costs of removal or remediation of certain hazardous or toxic substances located on or in the property. These laws often impose liability without regard to whether the owner or operator was responsible for or even knew of the presence of such substances. The presence of or failure to properly remediate hazardous or toxic substances may adversely affect our ability to rent, sell or borrow against contaminated property. Various laws and regulations also impose liability on persons who arrange for the disposal or treatment of hazardous or toxic substances at another location for the costs of removal or remediation of such substances at the disposal or treatment facility. These laws often impose liability whether or not the person arranging for such disposal ever owned or operated the disposal facility. Certain other environmental laws and regulations impose liability on owners or operators of property for injuries relating to the release of asbestos-containing materials into the air. As owners and operators of property and as potential arrangers for hazardous substance disposal, we may be liable under such laws and regulations for removal or remediation costs, governmental penalties, property damage, personal injuries and related expenses. Payment of such costs and expenses could adversely affect our ability to make distributions or payments to our investors.

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

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

*Development of real estate could be costly:* As part of our operating strategy, we may acquire land for development under certain conditions. Included among the risks of the real estate development business are the following, which may adversely affect our ability to make distributions or payments to our investors:

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

*Property ownership through joint ventures could subject us to the contrary business objectives of our co-venturers:* We, from time to time, invest in joint ventures or partnerships in which we do not hold a controlling interest. These investments involve risks that do not exist with properties in which we own a controlling interest, including the possibility that our co-venturers or partners may, at any time, have business, economic or other objectives that are inconsistent with our objectives. Because we lack a controlling interest, our co-venturers or partners may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. Our organizational documents do not limit the amount of available funds that we may invest in joint ventures or partnerships. If the objectives of our co-venturers or partners are inconsistent with ours, it may adversely affect our ability to make distributions or payments to our investors.

**Debt financing could adversely affect our economic performance.**

Scheduled debt payments and refinancing could adversely affect our financial condition: We are subject to the risks normally associated with debt financing. These risks, including the following, may adversely affect our ability to make distributions or payments to our investors:

- our cash flow may be insufficient to meet required payments of principal and interest;
- payments of principal and interest on borrowings may leave us with insufficient cash resources to pay operating expenses;
- we may not be able to refinance indebtedness on our properties at maturity; and
- if refinanced, the terms of refinancing may not be as favorable as the original terms of the related indebtedness.

As of December 31, 2000, we had total outstanding indebtedness of \$1.6 billion comprised of \$798.1 million of senior unsecured notes, outstanding borrowings of \$348.8 million under our unsecured \$800.0 million revolving credit facility and approximately \$481.6 million of mortgage indebtedness. We may have to refinance the principal due on our indebtedness at maturity, and we may not be able to refinance any indebtedness we incur in the future.

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

- we may need to dispose of one or more of our properties upon disadvantageous terms;
- prevailing interest rates or other factors at the time of refinancing could increase interest rates and, therefore, our interest expense;
- if we mortgage property to secure payment of indebtedness and are unable to meet mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of our rents and leases; and
- foreclosures upon mortgaged property could create taxable income without accompanying cash proceeds and, therefore, hinder our ability to meet the real estate investment trust distribution requirements of the Internal Revenue Code.

Rising interest rates may adversely affect our cash flow: Outstanding borrowings of approximately \$348.8 million (as of December 31, 2000) under our revolving credit facilities and approximately \$32.2 million (as of December 31, 2000) of our mortgage indebtedness bear interest at variable rates. We may incur additional indebtedness in the future that also bears interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase. Higher debt service requirements could adversely affect our ability to make distributions or payments to our investors or cause us to default under certain debt covenants.

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

**We are dependent on our key personnel whose continued service is not guaranteed.**

We are dependent upon our executive officers for strategic business direction and real estate experience. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. We have entered into an employment agreement (including non-competition provisions) which provides for a continuous four-year employment term with each of Mitchell E. Hersh, Timothy M. Jones, Barry Lefkowitz and Roger W. Thomas. We also have entered into an employment agreement (including non-competition provisions) with Michael A. Grossman which provides for an initial three year employment term and a continuous one-year term from and after the two-year anniversary of the execution of the agreement. We do not have key man life insurance for our executive officers.

**Consequences of failure to qualify as a real estate investment trust could adversely affect our financial condition.**

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

In addition, the consent of the holders of at least 85 percent of Mack-Cali Realty, L.P.'s partnership units is required: (i) to merge (or permit the merger of) us with another unrelated person, pursuant to a transaction in which Mack-Cali Realty, L.P. is not the surviving entity; (ii) to dissolve, liquidate or wind up Mack-Cali Realty, L.P.; or (iii) to convey or otherwise transfer all or substantially all of Mack-Cali Realty, L.P.'s assets. As general partner, we own approximately 79.8 percent of Mack-Cali Realty, L.P.'s outstanding partnership units (assuming conversion of all preferred limited partnership units).

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

If we fail to qualify as a real estate investment trust in any taxable year, we will be subject to the following:

- we will not be allowed a deduction for dividends to shareholders;
- we will be subject to federal income tax at regular corporate rates, including any alternative minimum tax, if applicable; and
- unless we are entitled to relief under certain statutory provisions, we will not be permitted to qualify as a real estate investment trust for the four taxable years following the year during which we were disqualified.

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

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

*Risk of changes in the tax law applicable to real estate investment trusts:* Since the Internal Revenue Service, the United States Treasury Department and Congress frequently review federal income tax legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any of such legislative action may prospectively or retroactively modify our and Mack-Cali Realty, L.P.'s tax treatment and, therefore, may adversely affect taxation of us, Mack-Cali Realty, L.P., and/or investors.

### **Disclosure Regarding Forward-Looking Statements**

The Company considers portions of this information to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements relate to, without limitation, the Company's future economic performance, plans and objectives for future operations and projections of revenue and other financial items. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "expect," "anticipate," "estimate" or "continue" or comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. 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. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. See "Risk Factors" for a discussion of important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to differ materially from those presented in the forward-looking statements.

## **ITEM 2. PROPERTIES**

### **PROPERTY LIST**

As of December 31, 2000, the Company's Consolidated Properties consisted of 248 in-service office, office/flex and industrial/warehouse properties, ranging from one to 20 stories, as well as two multi-family residential properties, two stand-alone retail properties and three land leases. The Consolidated Properties are located primarily in the Northeast. The Consolidated Properties are easily accessible from major thoroughfares and are in close proximity to numerous amenities. The Consolidated Properties contain a total of approximately 26.7 million square feet, with the individual properties ranging from approximately 6,200 to 761,200 square feet. The Consolidated Properties, managed by on-site employees, generally have attractively landscaped sites, atriums and covered parking in addition to quality design and construction. The Company's tenants include many service sector employers, including a large number of professional firms and national and international businesses. The Company believes that all of its properties are well-maintained and do not require significant capital improvements.

## Property Listing

### Office Properties

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>ATLANTIC COUNTY, NEW JERSEY</b>									
<b><u>Egg Harbor</u></b>									
100 Decadon Drive.....	1987	40,422	82.1	770	755	0.16	23.20	22.75	Computer Sciences Corp. (81%)
200 Decadon Drive.....	1991	39,922	95.3	728	687	0.15	19.13	18.06	Computer Sciences Corp. (45%), Advanced Casino Systems Corp. (33%), Dimensions International Inc. (15%)
<b>BERGEN COUNTY, NEW JERSEY</b>									
<b><u>Fair Lawn</u></b>									
17-17 Route 208 North.....	1987	143,000	98.3	3,498	3,381	0.72	24.88	24.05	Lonza, Inc. (63%), Boron-Lepore Assoc., Inc. (16%)
<b><u>Fort Lee</u></b>									
One Bridge Plaza.....	1981	200,000	93.5	4,853	4,591	1.00	25.95	24.55	PricewaterhouseCoopers, LLP (35%), Broadview Associates LLP (16%), Bozell Worldwide, Inc. (16%)
2115 Linwood Avenue .....	1981	68,000	99.7	1,255	1,132	0.26	18.51	16.70	US Depot Inc. (23%), Ameribrom Inc. (14%), Mack Management & Construction (11%), Morgan Stanley Dean Witter (10%)
<b><u>Little Ferry</u></b>									
200 Riser Road.....	1974	286,628	100.0	1,869	1,869	0.39	6.52	6.52	Ford Motor Company (34%), Dassault Falcon Jet Corp. (33%), Sanyo Fischer Services Corp. (33%)
<b><u>Montvale</u></b>									
95 Chestnut Ridge Road.....	1975	47,700	100.0	569	569	0.12	11.93	11.93	Aventis Environmental Science (100%)
135 Chestnut Ridge Road.....	1981	66,150	99.7	915	843	0.19	13.87	12.78	Paychex Inc. (45%), Automated Resources Group Inc. (26%), Sys-Con Publications Inc. (11%), Lexmark International (10%)
<b><u>Paramus</u></b>									
15 East Midland Avenue .....	1988	259,823	100.0	6,731	6,727	1.39	25.91	25.89	Cellular Telephone Company (100%)
461 From Road.....	1988	253,554	99.8	6,036	6,027	1.25	23.85	23.82	Toys 'R' Us, Inc. (96%)
650 From Road.....	1978	348,510	87.5	7,290	7,261	1.50	23.91	23.81	Movado Group Inc. (17%), Long Beach Acceptance Corp. (10%)
140 Ridgewood Avenue .....	1981	239,680	100.0	5,266	5,211	1.09	21.97	21.74	Cellular Telephone Company (57%), Smith Barney Shearson Inc. (19%)
61 South Paramus Avenue.....	1985	269,191	100.0	6,124	5,683	1.26	22.75	21.11	--
<b><u>Rochelle Park</u></b>									
120 Passaic Street.....	1972	52,000	99.6	954	933	0.20	18.42	18.01	SBC Telecom Inc. (53%), Cantor Fitzgerald LP (46%)
365 West Passaic Street.....	1976	212,578	95.7	3,907	3,636	0.81	19.20	17.87	United Retail Inc. (31%), Catalina Marketing Corp. (10%), Regulus LLC (10%)
<b><u>Saddle River</u></b>									
1 Lake Street .....	1973/94	474,801	100.0	7,465	7,465	1.54	15.72	15.72	Prentice-Hall Inc. (100%)
<b><u>Upper Saddle River</u></b>									
10 Mountainview Road .....	1986	192,000	100.0	3,972	3,909	0.82	20.69	20.36	Thomson Minwax Company (23%), Professional Detailing Inc. (20%), Corning Life Sciences Inc. (15%), ITT Fluid Technology (14%), Pearson Education (14%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>Woodcliff Lake</b>									
400 Chestnut Ridge Road .....	1982	89,200	100.0	2,131	2,131	0.44	23.89	23.89	Timeplex, Inc. (100%)
470 Chestnut Ridge Road .....	1987	52,500	100.0	1,192	1,192	0.25	22.70	22.70	Andermatt LP (100%)
530 Chestnut Ridge Road .....	1986	57,204	100.0	1,166	1,166	0.24	20.38	20.38	KPMG Peat Marwick, LLP (100%)
50 Tice Boulevard .....	1984	235,000	95.5	4,881	4,291	1.01	21.75	19.12	Syncsort, Inc. (25%)
300 Tice Boulevard .....	1991	230,000	100.0	4,967	4,920	1.02	21.60	21.39	Chase Home Mortgage Corp. (25%), Medco Containment Services (20%), Comdisco, Inc. (13%), NYCE Corp. (11%)
<b>BURLINGTON COUNTY, NEW JERSEY</b>									
<b>Moorestown</b>									
224 Strawbridge Drive .....	1984	74,000	98.1	1,368	1,094	0.28	18.84	15.07	Allstate Insurance Company (49%), Harleysville Mutual Insurance (27%)
228 Strawbridge Drive .....	1984	74,000	100.0	1,434	1,081	0.30	19.38	14.61	Cendant Mortgage Corporation (100%)
<b>ESSEX COUNTY, NEW JERSEY</b>									
<b>Millburn</b>									
150 J.F. Kennedy Parkway .....	1980	247,476	100.0	6,182	6,127	1.28	24.98	24.76	KPMG Peat Marwick, LLP (42%), Budd Larner Gross Et Al (23%)
<b>Roseland</b>									
101 Eisenhower Parkway.....	1980	237,000	97.5	4,200	3,899	0.87	18.18	16.87	Arthur Andersen, LLP (31%), Brach, Eichler, Rosenberg, Silver, Bernstein & Hammer (13%)
103 Eisenhower Parkway.....	1985	151,545	100.0	3,350	3,059	0.69	22.11	20.19	Chelsea GCA Realty Corp. (18%), Lum, Danzis, Drasco Positan & Kleinberg (15%), Netplex Group Inc. (12%), Salomon Smith Barney, Inc. (11%)
<b>HUDSON COUNTY, NEW JERSEY</b>									
<b>Jersey City</b>									
95 Christopher Columbus Drive (8).....	1989	--	--	3,850	3,844	0.79	--	--	--
Harborside Financial Center Plaza 1 .....	1983	400,000	99.0	3,336	3,333	0.69	8.42	8.42	Bankers Trust Harborside, Inc. (96%)
Harborside Financial Center Plaza 2 .....	1990	761,200	100.0	18,523	17,908	3.82	24.33	23.53	Morgan Stanley Dean Witter (35%), Dow Jones Telerate Systems, Inc. (24%), DLJ Securities Corp. (15%), Lewco Securities (11%)
Harborside Financial Center Plaza 3 .....	1990	725,600	100.0	17,654	17,067	3.64	24.33	23.52	AICPA (34%), BTM Information Services, Inc. (19%)
Harborside Financial Center Plaza 4-A (7)	2000	207,670	88.7	1,279	1,225	0.26	36.44(9)	34.90(9)	Waterhouse Securities Inc. (89%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>MERCER COUNTY, NEW JERSEY</b>									
<b><u>Princeton</u></b>									
103 Carnegie Center .....	1984	96,000	100.0	2,302	2,124	0.47	23.98	22.13	Ronin Development Corp. (15%), R.G. Vanderweil Engineers (14%), Kurt Salmon Assoc. Inc. (11%)
100 Overlook Center .....	1988	149,600	88.9	3,338	3,285	0.69	25.10	24.70	Regus Business Centre Corp. (26%), Xerox Corporation (23%), Paine Webber Inc. (14%)
5 Vaughn Drive .....	1987	98,500	100.0	2,312	2,163	0.48	23.47	21.96	U.S. Trust Company of NJ (19%), Princeton Venture Research Corp. (14%), Villeroy & Boch Tableware Ltd. (14%), Woodrow Wilson National Fellowship Foundation (14%)
<b>MIDDLESEX COUNTY, NEW JERSEY</b>									
<b><u>East Brunswick</u></b>									
377 Summerhill Road.....	1977	40,000	100.0	373	370	0.08	9.33	9.25	Greater New York Mutual Insurance Company (100%)
<b><u>Plainsboro</u></b>									
500 College Road East.....	1984	158,235	100.0	3,404	3,374	0.70	21.51	21.32	SSB Realty, LLC (72%), Buchanan Ingersoll P.C. (17%), PNC Bank, N.A. (10%)
<b><u>South Brunswick</u></b>									
3 Independence Way .....	1983	111,300	100.0	2,166	2,116	0.45	19.46	19.01	Merrill Lynch Pierce Fenner & Smith (84%)
<b><u>Woodbridge</u></b>									
581 Main Street .....	1991	200,000	100.0	4,699	4,617	0.97	23.50	23.09	First Investors Management Company, Inc. (38%), Cast North America Ltd. (11%)
<b>MONMOUTH COUNTY, NEW JERSEY</b>									
<b><u>Neptune</u></b>									
3600 Route 66.....	1989	180,000	100.0	2,410	2,410	0.50	13.39	13.39	United States Life Insurance Company (100%)
<b><u>Wall Township</u></b>									
1305 Campus Parkway.....	1988	23,350	82.3	472	460	0.10	24.56	23.94	Waterford Wedgewood USA Inc. (41%), McLaughlin, Bennett, Gelson (35%)
1350 Campus Parkway.....	1990	79,747	99.9	1,393	1,295	0.29	17.49	16.26	Meridan Health Realty Corp. (22%), Milestone Material Inc. (18%), Stephen E. Gertler Law Office (17%), Amper Politzner & Mattia PA (11%), Health Care Software (11%), Sportsgolf L.L.C. (11%)
<b>MORRIS COUNTY, NEW JERSEY</b>									
<b><u>Florham Park</u></b>									
325 Columbia Turnpike.....	1987	168,144	100.0	4,107	3,684	0.85	24.43	21.91	Bressler Amery & Ross (24%), Salomon Smith Barney Inc. (13%), Atlantic Health Systems (12%), Dun & Bradstreet Inc. (12%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b><u>Morris Plains</u></b>									
250 Johnson Road .....	1977	75,000	100.0	1,300	1,264	0.27	17.33	16.85	Electronic Data Systems Corp. (100%)
201 Littleton Road.....	1979	88,369	100.0	1,880	1,860	0.39	21.27	21.05	Xerox Corporation (50%), Willis Corroon Corp. of New Jersey (20%), Bozell Worldwide Inc. (19%), CHEP USA (11%)
<b><u>Morris Township</u></b>									
340 Mt. Kemble Avenue .....	1985	387,000	100.0	5,530	5,530	1.14	14.29	14.29	AT&T Corporation (100%)
412 Mt. Kemble Avenue (8).....	1986	--	--	3,030	3,030	0.63	--	--	--
<b><u>Parsippany</u></b>									
7 Campus Drive .....	1982	154,395	100.0	2,552	2,551	0.53	16.53	16.52	Nabisco Inc. (100%)
8 Campus Drive .....	1987	215,265	100.0	5,517	5,324	1.14	25.63	24.73	Prudential Insurance Co. (31%), Bay Networks Inc. (27%), MCI Telecommunications Corp. (18%), Ayco Company L.P. (13%)
2 Dryden Way .....	1990	6,216	100.0	67	67	0.01	10.78	10.78	Bright Horizons Childrens Center (100%)
4 Gatehall Drive (7).....	1988	248,480	90.8	3,170	3,170	0.65	25.51	25.51	J.B. Hanauer & Company (20%), Royal Indemnity Company (13%), Toyota Motor Credit Corp. (12%)
2 Hilton Court .....	1991	181,592	100.0	4,693	4,656	0.97	25.84	25.64	Deloitte & Touche USA LLP (64%), Northern Telecom Inc. (16%), Sankyo Parke Davis (11%)
600 Parsippany Road.....	1978	96,000	100.0	1,583	1,499	0.33	16.49	15.61	Exario Networks Inc. (36%), Sharemax.com (32%)
1 Sylvan Way .....	1989	150,557	100.0	3,507	3,103	0.72	23.29	20.61	Cendant Operations Inc. (99%)
5 Sylvan Way .....	1989	151,383	100.0	3,519	3,459	0.73	23.25	22.85	Integrated Communications (41%), Experian Information Solution (15%), DRS Technologies Inc. (12%)
7 Sylvan Way .....	1987	145,983	100.0	2,919	2,919	0.60	20.00	20.00	Nabisco Inc. (100%)
<b>PASSAIC COUNTY, NEW JERSEY</b>									
<b><u>Clifton</u></b>									
777 Passaic Avenue.....	1983	75,000	89.1	954	857	0.20	14.28	12.82	Grosvenor Marketing Ltd. (10%)
<b><u>Totowa</u></b>									
999 Riverview Drive .....	1988	56,066	100.0	1,014	946	0.21	18.09	16.87	Medical Logistics Inc. (36%), Telsource Corporation (19%), Humana Press (15%), Bankers Financial Corp. (10%)
<b><u>Wayne</u></b>									
201 Willowbrook Boulevard.....	1970	178,329	99.0	2,407	2,392	0.50	13.63	13.55	The Grand Union Company (76%), Woodward-Clyde Consultants (23%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>SOMERSET COUNTY, NEW JERSEY</b>									
<b><u>Basking Ridge</u></b>									
222 Mt. Airy Road .....	1986	49,000	100.0	745	692	0.15	15.20	14.12	Avaya Inc. (100%)
233 Mt. Airy Road .....	1987	66,000	100.0	762	712	0.16	11.55	10.79	Avaya Inc. (100%)
<b><u>Bernards</u></b>									
106 Allen Road (7) .....	2000	132,010	72.5	279	234	0.06	24.84(9)	20.83(9)	KPMG Consulting LLC (59%)
<b><u>Bridgewater</u></b>									
721 Route 202/206 .....	1989	192,741	100.0	4,286	4,142	0.88	22.24	21.49	Allstate Insurance Company (37%), Norris, McLaughlin & Marcus, PA (30%)
<b>UNION COUNTY, NEW JERSEY</b>									
<b><u>Clark</u></b>									
100 Walnut Avenue .....	1985	182,555	97.5	4,568	4,001	0.94	25.66	22.48	CAP Gemini America Inc. (54%), Equitable Life Assurance (10%), Mastercare Companies Inc. (10%)
<b><u>Cranford</u></b>									
6 Commerce Drive .....	1973	56,000	93.0	1,029	964	0.21	19.76	18.51	Kendle International Inc. (50%)
11 Commerce Drive (6) .....	1981	90,000	93.2	1,023	908	0.21	12.20	10.82	Northeast Administrators (10%)
12 Commerce Drive .....	1967	72,260	96.3	604	603	0.12	8.68	8.67	Dames & Moore (40%), Registrar & Transfer Company (36%)
20 Commerce Drive .....	1990	176,600	100.0	4,065	3,674	0.84	23.02	20.80	Public Service Electric & Gas Company (26%), Quintiles Inc. (21%)
65 Jackson Drive .....	1984	82,778	100.0	1,600	1,213	0.33	19.33	14.65	Kraft General Foods, Inc. (35%), Allstate Insurance Company (27%), Procter & Gamble Distribution Co., Inc. (18%), Provident Companies Inc. (14%)
<b><u>New Providence</u></b>									
890 Mountain Road .....	1977	80,000	100.0	2,250	2,238	0.46	28.13	27.98	Aspen Technology Inc. (52%), Dun & Bradstreet (27%), K Line America, Inc. (16%)
<b>Total New Jersey Office</b>		<b>11,430,809</b>	<b>98.0</b>	<b>229,544</b>	<b>220,922</b>	<b>47.39</b>	<b>21.01</b>	<b>20.22</b>	
<b>DUTCHESS COUNTY, NEW YORK</b>									
<b><u>Fishkill</u></b>									
300 South Lake Drive .....	1987	118,727	97.3	2,184	2,157	0.45	18.91	18.67	Allstate Insurance Company (16%)
<b>NASSAU COUNTY, NEW YORK</b>									
<b><u>North Hempstead</u></b>									
600 Community Drive .....	1983	206,274	100.0	4,808	4,808	0.99	23.31	23.31	CMP Media, Inc. (100%)
111 East Shore Road .....	1980	55,575	100.0	1,518	1,514	0.31	27.31	27.24	Administrators For The Professions, Inc. (100%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>ROCKLAND COUNTY, NEW YORK</b>									
<b><u>Suffern</u></b>									
400 Rella Boulevard .....	1988	180,000	99.8	3,631	3,463	0.75	20.21	19.28	The Prudential Insurance Co. (21%), Provident Savings Bank F.A. (20%), Allstate Insurance Company (19%)
<b>WESTCHESTER COUNTY, NEW YORK</b>									
<b><u>Elmsford</u></b>									
100 Clearbrook Road (6) .....	1975	60,000	91.7	938	869	0.19	17.05	15.79	MIM Corporation (18%), Amerihealth Inc. (13%)
101 Executive Boulevard.....	1971	50,000	79.3	801	772	0.17	20.20	19.47	Pennysaver Group Inc. (23%), MCS Business Solutions Inc. (11%)
555 Taxter Road (7) .....	1986	170,554	100.0	2,457	2,457	0.51	23.58	23.58	Fuji Photo Film USA Inc. (64%), Royal Indemnity Company (12%)
565 Taxter Road (7) .....	1988	170,554	86.6	2,052	2,047	0.42	22.74	22.68	Nextel of New York Inc. (29%), KLM Royal Dutch Airlines (10%), Nationwide Mutual Insurance (10%)
570 Taxter Road.....	1972	75,000	96.5	1,456	1,398	0.30	20.12	19.32	New York State United Teachers Association (11%), Wilder Balter Partners LLC (11%)
<b><u>Hawthorne</u></b>									
30 Saw Mill River Road .....	1982	248,400	100.0	5,215	4,301	1.07	20.99	17.31	IBM Corporation (100%)
1 Skyline Drive.....	1980	20,400	99.0	300	289	0.06	14.85	14.31	Boxx International Corp. (50%), Childtime Childcare Inc. (49%)
2 Skyline Drive.....	1987	30,000	98.9	479	435	0.10	16.14	14.66	MW Samara (56%), Perini Construction (43%)
7 Skyline Drive.....	1987	109,000	100.0	2,196	2,193	0.45	20.15	20.12	E.M. Industries Inc. (42%), Cortlandt Group Inc. (14%)
17 Skyline Drive.....	1989	85,000	100.0	1,233	1,233	0.25	14.51	14.51	IBM Corporation (100%)
<b><u>Tarrytown</u></b>									
200 White Plains Road .....	1982	89,000	88.1	1,734	1,581	0.36	22.11	20.16	Allmerica Financial (17%), Independent Health Associates Inc., (17%), NYS Dept. of Environmental Services (13%)
220 White Plains Road .....	1984	89,000	95.4	2,117	2,020	0.44	24.93	23.79	Eagle Family Foods Inc. (17%), ATM Services Inc. (10%)
<b><u>White Plains</u></b>									
1 Barker Avenue.....	1975	68,000	99.0	1,605	1,568	0.33	23.84	23.29	O'Connor McGuinn Conte (19%), United Skys Realty Corp. (18%)
3 Barker Avenue.....	1983	65,300	93.3	1,251	1,217	0.26	20.53	19.98	Bernard C. Harris Publishing Co. Inc. (56%), TNS Intersearch Corporation (10%)
50 Main Street.....	1985	309,000	99.6	7,641	7,216	1.58	24.83	23.45	TMP Worldwide Inc. (15%), National Economic Research (10%)
11 Martine Avenue.....	1987	180,000	100.0	4,529	4,192	0.93	25.16	23.29	Salomon Smith Barney Inc. (12%), McCarthy Fingar Donovan Et Al (11%), David Worby (11%), Dean Witter Reynolds Inc. (11%)
1 Water Street.....	1979	45,700	99.8	1,048	1,014	0.22	22.98	22.23	Trigen Energy Company (48%), Stewart Title Insurance Co. (16%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b><u>Yonkers</u></b>									
1 Executive Boulevard.....	1982	112,000	100.0	2,380	2,252	0.49	21.25	20.11	Wise Contact US Optical Corp. (12%), AVR Realty Company (11%), Protective Tech International (11%), York, International Agency Inc. (11%)
3 Executive Plaza .....	1987	58,000	100.0	1,418	1,371	0.29	24.45	23.64	Montefiore Medical Center (45%), Metropolitan Life Insurance (21%), Allstate Insurance Company (20%), City & Suburban Federal Savings Bank (14%)
<b>Total New York Office</b>		<b>2,595,484</b>	<b>97.5</b>	<b>52,991</b>	<b>50,367</b>	<b>10.92</b>	<b>22.08</b>	<b>21.05</b>	
<b>CHESTER COUNTY, PENNSYLVANIA</b>									
<b><u>Berwyn</u></b>									
1000 Westlakes Drive.....	1989	60,696	93.6	1,485	1,476	0.31	26.14	25.98	Drinker Biddle & Reath (42%), PNC Bank, NA (38%)
1055 Westlakes Drive.....	1990	118,487	42.9	2,305	2,305	0.48	45.35	45.35	Regus Business Centre Corp. (34%)
1205 Westlakes Drive.....	1988	130,265	99.8	2,875	2,836	0.59	22.11	21.81	Provident Mutual Life Insurance Co. (35%), Oracle Corporation (30%), International Rehab Assoc. (10%)
1235 Westlakes Drive.....	1986	134,902	100.0	3,229	3,130	0.67	23.94	23.20	Pepper Hamilton & Scheetz L.L.P. (22%), Ratner & Prestia (16%), Turner Investment Partners (10%)
<b>DELAWARE COUNTY, PENNSYLVANIA</b>									
<b><u>Lester</u></b>									
100 Stevens Drive .....	1986	95,000	100.0	1,703	1,593	0.35	17.93	16.77	Keystone Mercy Health Plan (100%)
200 Stevens Drive .....	1987	208,000	100.0	4,227	4,011	0.87	20.32	19.28	Keystone Mercy Health Plan (100%)
300 Stevens Drive .....	1992	68,000	92.3	1,414	1,359	0.29	22.53	21.65	Bluestone Software Inc. (39%), Keystone Mercy Health Plan (33%)
<b><u>Media</u></b>									
1400 Providence Road - Center I.....	1986	100,000	86.4	1,797	1,713	0.37	20.80	19.83	General Services Admin. (13%), Erie Insurance Company (11%)
1400 Providence Road - Center II.....	1990	160,000	80.3	2,923	2,752	0.60	22.75	21.42	Barnett International (36%)
<b>MONTGOMERY COUNTY, PENNSYLVANIA</b>									
<b><u>Lower Providence</u></b>									
1000 Madison Avenue.....	1990	100,700	100.0	1,803	1,769	0.37	17.90	17.57	Realty Online Inc. (42%), Banc One National Processing (21%), Danka Corporation (14%), Seton Company (12%)
<b><u>Plymouth Meeting</u></b>									
1150 Plymouth Meeting Mall .....	1970	167,748	91.8	2,766	2,718	0.57	17.96	17.65	Computer Learning Centers, Inc. (18%), Ken-Crest Services (18%), Ikea US General Partners Inc. (14%), ECC Management Services (13%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
Five Sentry Parkway East .....	1984	91,600	100.0	1,499	1,494	0.31	16.36	16.31	Merck & Co. Inc. (77%), Selas Fluid Processing Corp. (23%)
Five Sentry Parkway West.....	1984	38,400	100.0	689	688	0.14	17.94	17.92	Merck & Co. Inc. (70%), David Cutler Group (30%)
<b>Total Pennsylvania Office</b>		<b>1,473,798</b>	<b>90.8</b>	<b>28,715</b>	<b>27,844</b>	<b>5.92</b>	<b>21.46</b>	<b>20.81</b>	
<b>FAIRFIELD COUNTY, CONNECTICUT</b>									
<b><u>Greenwich</u></b>									
500 West Putnam Avenue .....	1973	121,250	97.5	2,941	2,845	0.61	24.88	24.07	Hachette Filipacchi Magazines (27%), McMahan Securities Co. LP (15%) Winklevoss Consultants Inc. (12%)
<b><u>Norwalk</u></b>									
40 Richards Avenue .....	1985	145,487	96.8	3,077	2,927	0.63	21.85	20.78	South Beach Beverage Co., LLC (14%), Media Horizons Inc. (11%), Programmed Solutions Inc. (10%)
<b><u>Shelton</u></b>									
1000 Bridgeport Avenue.....	1986	133,000	100.0	2,266	2,221	0.47	17.04	16.70	William Carter Company (23%), Weseley Software Development (22%), Toyota Motor Credit Corporation (11%), LandStar Gemini Inc. (11%)
<b>Total Connecticut Office</b>		<b>399,737</b>	<b>98.1</b>	<b>8,284</b>	<b>7,993</b>	<b>1.71</b>	<b>21.13</b>	<b>20.39</b>	
<b>WASHINGTON, D.C.</b>									
1201 Connecticut Avenue, NW .....	1940	169,549	100.0	5,129	5,100	1.06	30.25	30.08	Zuckerman Spaeder Goldstein (29%), Leo A. Daly Company (17%), RFE/RL Inc. (16%)
1400 L Street, NW .....	1987	159,000	100.0	5,990	5,896	1.24	37.67	37.08	Winston & Strawn (68%)
1709 New York Avenue, NW.....	1972	166,000	100.0	7,227	7,076	1.49	43.54	42.63	Board of Gov/Federal Reserve (70%), United States of America -GSA (25%)
<b>Total District of Columbia Office</b>		<b>494,549</b>	<b>100.0</b>	<b>18,346</b>	<b>18,072</b>	<b>3.79</b>	<b>37.10</b>	<b>36.54</b>	
<b>PRINCE GEORGE'S COUNTY, MARYLAND</b>									
<b><u>Lanham</u></b>									
4200 Parliament Place .....	1989	122,000	92.9	2,543	2,442	0.52	22.44	21.55	Group I Software Inc. (45%), Infinity Broadcasting Company (16%), State Farm Mutual Auto Ins. Co. (11%)
<b>Total Maryland Office</b>		<b>122,000</b>	<b>92.9</b>	<b>2,543</b>	<b>2,442</b>	<b>0.52</b>	<b>22.44</b>	<b>21.55</b>	

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>BEXAR COUNTY, TEXAS</b>									
<b><u>San Antonio</u></b>									
200 Concord Plaza Drive.....	1986	248,700	97.4	4,371	4,324	0.90	18.04	17.85	Merrill Lynch Pierce Fenner & Smith (12%)
84 N.E. Loop 410 .....	1971	187,312	89.9	2,545	2,528	0.53	15.11	15.01	Pacificare of Texas, Inc. (30%), KBL Cable, Inc. (26%), Kraft General Foods Inc. (25%)
1777 N.E. Loop 410 .....	1986	256,137	83.0	3,718	3,631	0.76	17.49	17.08	--
111 Soledad.....	1918	248,153	93.0	2,621	2,532	0.54	11.36	10.97	SBC Communications, Inc. (38%)
<b>COLLIN COUNTY, TEXAS</b>									
<b><u>Plano</u></b>									
555 Republic Place.....	1986	97,889	85.0	1,421	1,346	0.29	17.08	16.18	William F. Smith Enterprises (22%), Target Corporation (14%)
<b>DALLAS COUNTY, TEXAS</b>									
<b><u>Dallas</u></b>									
3030 LBJ Freeway (6) .....	1984	367,018	96.8	6,543	6,278	1.35	18.42	17.67	Club Corporation of America (39%)
3100 Monticello .....	1984	173,837	94.6	2,752	2,682	0.57	16.73	16.31	Insignia Commercial, Inc. (23%), Time Marketing Corporation/ Evans Group (12%), Heath Insurance Brokers, Inc. (11%), Tarragon Realty Adv. Inc. (11%), Summit Global Partners Texas (10%)
8214 Westchester .....	1983	95,509	81.4	1,242	1,192	0.26	15.98	15.33	Preston Business Center, Inc. (16%), Malone Mortgage Company America, Inc. (14%), State Bank & Trust Co. (11%)
<b><u>Irving</u></b>									
2300 Valley View .....	1985	142,634	97.4	1,903	1,786	0.39	13.70	12.86	Alltel Information Services, Inc. (18%), Computer Task Group, Inc. (12%), Tricon Restaurant Services (12%), US Personnel Inc. (12%)
<b><u>Richardson</u></b>									
1122 Alma Road .....	1977	82,576	100.0	607	607	0.13	7.35	7.35	MCI Telecommunications Corp. (100%)
<b>HARRIS COUNTY, TEXAS</b>									
<b><u>Houston</u></b>									
14511 Falling Creek .....	1982	70,999	98.8	924	886	0.19	13.17	12.63	Nationwide Mutual Insurance Company (17%)
5225 Katy Freeway.....	1983	112,213	97.1	1,468	1,338	0.30	13.47	12.28	State of Texas (17%)
5300 Memorial.....	1982	155,099	98.8	2,298	2,257	0.47	15.00	14.73	Drypers Corporation (20%), Datavox, Inc. (20%), HCI Chemicals USA, Inc. (19%)
1717 St. James Place .....	1975	109,574	93.2	1,348	1,298	0.28	13.20	12.71	MCX Corp (14%)
1770 St. James Place .....	1973	103,689	84.2	1,263	1,205	0.26	14.47	13.80	Neosoft Inc. (10%), Houston Interweb Design Inc. (10%)
10497 Town & Country Way.....	1981	148,434	78.4	1,766	1,666	0.36	15.18	14.32	Vastar Resources, Inc. (23%)
<b>POTTER COUNTY, TEXAS</b>									
<b><u>Amarillo</u></b>									
6900 IH - 40 West (8).....	1986	--	--	190	190	0.04	--	--	--

**Property Listing**

**Office Properties  
(Continued)**

<b>Property Location</b>	<b>Year Built</b>	<b>Net Rentable Area (Sq. Ft.)</b>	<b>Percentage Leased as of 12/31/00 (%) (1)</b>	<b>2000 Base Rent (\$000's) (2) (6)</b>	<b>2000 Effective Rent (\$000's) (3) (6)</b>	<b>Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)</b>	<b>2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)</b>	<b>2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)</b>	<b>Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)</b>
<b>TARRANT COUNTY, TEXAS</b>									
<b><u>Eules</u></b>									
150 West Parkway.....	1984	74,429	91.0	1,062	1,030	0.22	15.68	15.21	Warrantech Automotive, Inc. (40%), Mike Bowman Realtors/ Century 21 Inc. (17%), Landmark Bank-Mid Cities (16%)
<b>TRAVIS COUNTY, TEXAS</b>									
<b><u>Austin</u></b>									
1250 Capital of Texas Hwy. South (8).....	1985	--	--	4,164	4,106	0.86	--	--	--
<b>Total Texas Office</b>		<b>2,674,202</b>	<b>92.1</b>	<b>42,206</b>	<b>40,882</b>	<b>8.70</b>	<b>17.14</b>	<b>16.60</b>	
<b>MARICOPA COUNTY, ARIZONA</b>									
<b><u>Glendale</u></b>									
5551 West Talavi Boulevard.....	1991	181,596	100.0	1,730	1,722	0.36	9.53	9.48	Honeywell, Inc. (100%)
<b><u>Phoenix</u></b>									
19640 North 31st Street.....	1990	124,171	100.0	1,506	1,453	0.31	12.13	11.70	American Express Travel Related Services Co., Inc. (100%)
<b><u>Scottsdale</u></b>									
9060 E. Via Linda Boulevard .....	1984	111,200	100.0	2,404	2,404	0.50	21.62	21.62	Sentry Insurance (63%), PCS Health Systems Inc. (37%)
<b>Total Arizona Office</b>		<b>416,967</b>	<b>100.0</b>	<b>5,640</b>	<b>5,579</b>	<b>1.17</b>	<b>13.53</b>	<b>13.38</b>	
<b>ARAPAHOE COUNTY, COLORADO</b>									
<b><u>Aurora</u></b>									
750 South Richfield Street.....	1997	108,240	100.0	2,911	2,911	0.60	26.89	26.89	T.R.W. Inc. (100%)
<b><u>Denver</u></b>									
400 South Colorado Boulevard.....	1983	125,415	97.8	2,182	2,108	0.45	17.79	17.19	Community Health Plan (32%), State of Colorado (12%), Wells Fargo Bank West NA (11%), Senter Goldfarb & Rice LLC (11%)
<b><u>Englewood</u></b>									
9359 East Nichols Avenue.....	1997	72,610	100.0	903	903	0.19	12.44	12.44	First Tennessee Bank NA (100%)
5350 South Roslyn Street .....	1982	63,754	100.0	1,054	1,033	0.22	16.53	16.20	Alliance Metro Real Estate (19%), Business Word Inc. (17%)
<b>BOULDER COUNTY, COLORADO</b>									
<b><u>Broomfield</u></b>									
105 South Technology Court .....	1997	37,574	100.0	541	541	0.11	14.40	14.40	Sun Microsystems Inc. (100%)
303 South Technology Court-A .....	1997	34,454	100.0	396	396	0.08	11.49	11.49	Sun Microsystems Inc. (100%)
303 South Technology Court-B .....	1997	40,416	100.0	464	464	0.10	11.48	11.48	Sun Microsystems Inc. (100%)

## Property Listing

### Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>Louisville</b>									
248 Centennial Parkway .....	1996	39,266	100.0	508	507	0.10	12.94	12.91	Walnut Brewery Inc. (59%), Aircell Inc. (28%) Skyconnect Inc. (40%), Evolving Systems Inc. (22%), MCI Systemhouse Corp. (22%), RX Kinetix Inc. (16%)
1172 Century Drive .....	1996	49,566	100.0	641	639	0.13	12.93	12.89	
285 Century Place .....	1997	69,145	100.0	1,087	1,087	0.22	15.72	15.72	HBO & Company of Georgia (100%)
<b>DENVER COUNTY, COLORADO</b>									
<b>Denver</b>									
3600 South Yosemite .....	1974	133,743	100.0	1,287	1,287	0.27	9.62	9.62	MDC Holding Inc. (100%)
<b>DOUGLAS COUNTY, COLORADO</b>									
<b>Englewood</b>									
400 Inverness Drive.....	1997	111,608	99.9	2,777	2,759	0.57	24.91	24.75	Convergent Communications Inc. (26%), Ciber Inc. (22%), Compuware Corp. (19%), Ani Colorado Inc./Alliance Int'l (16%) T-Netix Inc. (69%), Convergent Communications Inc. (31%) Quickpen International Corp. (37%), United States of America – GSA (19%), Worth Group Architects (10%)
67 Inverness Drive East.....	1996	54,280	100.0	680	677	0.14	12.53	12.47	
384 Inverness Drive South.....	1985	51,523	100.0	833	809	0.17	16.17	15.70	
5975 South Quebec Street .....	1996	102,877	99.8	2,373	2,336	0.49	23.11	22.75	
<b>Parker</b>									
9777 Pyramid Court .....	1995	120,281	100.0	1,323	1,323	0.27	11.00	11.00	Evolving System Inc. (100%)
<b>EL PASO COUNTY, COLORADO</b>									
<b>Colorado Springs</b>									
8415 Explorer.....	1998	47,368	100.0	611	605	0.13	12.90	12.77	Enterprise Systems Group Inc. (52%), URS Greiner Consultants Inc. (39%) Bombardier Capital Florida Inc. (52%), Concert Management Services (18%), General Dynamics Govt Systems (17%) Narwhal Corporation (45%), Memorial Hospital (39%), Aerrotek Inc. (14%)
1975 Research Parkway.....	1997	115,250	100.0	1,683	1,604	0.35	14.60	13.92	
2375 Telstar Drive.....	1998	47,369	100.0	612	605	0.13	12.92	12.77	
<b>JEFFERSON COUNTY, COLORADO</b>									
<b>Lakewood</b>									
141 Union Boulevard .....	1985	63,600	98.9	1,111	1,047	0.23	17.66	16.65	Arbitration Forums Inc. (18%), Frontier Real Estate – BH&G (15%)
<b>Total Colorado Office</b>		<b>1,488,339</b>	<b>99.7</b>	<b>23,977</b>	<b>23,641</b>	<b>4.95</b>	<b>16.15</b>	<b>15.92</b>	

**Property Listing**

**Office Properties  
(Continued)**

<b>Property Location</b>	<b>Year Built</b>	<b>Net Rentable Area (Sq. Ft.)</b>	<b>Percentage Leased as of 12/31/00 (%) (1)</b>	<b>2000 Base Rent (\$000's) (2) (6)</b>	<b>2000 Effective Rent (\$000's) (3) (6)</b>	<b>Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)</b>	<b>2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)</b>	<b>2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)</b>	<b>Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)</b>
<b>SAN FRANCISCO COUNTY, CALIFORNIA</b>									
<b><u>San Francisco</u></b>									
795 Folsom Street.....	1977	183,445	100.0	6,170	5,426	1.27	33.63	29.58	Move.com Operations Inc. (51%), AT&T Corp. (34%), Regus Business Centre Corp. (15%)
760 Market Street.....	1908	267,446	98.0	8,140	7,965	1.68	31.06	30.39	R.H. Macy & Company, Inc. (19%)
<b>Total California Office</b>		<b>450,891</b>	<b>98.8</b>	<b>14,310</b>	<b>13,391</b>	<b>2.95</b>	<b>32.12</b>	<b>30.06</b>	
<b>HILLSBOROUGH COUNTY, FLORIDA</b>									
<b><u>Tampa</u></b>									
501 Kennedy Boulevard .....	1982	297,429	90.8	3,657	3,419	0.75	13.54	12.66	Fowler, White, Gillen, Boggs, Villareal & Banker, PA (33%), Sykes Enterprises Inc. (22%)
<b>Total Florida Office</b>		<b>297,429</b>	<b>90.8</b>	<b>3,657</b>	<b>3,419</b>	<b>0.75</b>	<b>13.54</b>	<b>12.66</b>	
<b>POLK COUNTY, IOWA</b>									
<b><u>West Des Moines</u></b>									
2600 Westown Parkway .....	1988	72,265	100.0	1,101	1,014	0.23	15.24	14.03	Magellan Behavioral Health (28%), New England Mutual Life Insurance Company (15%), American Express Financial Advisors, Inc. (15%), MCI Worldcom Communications (14%)
<b>Total Iowa Office</b>		<b>72,265</b>	<b>100.0</b>	<b>1,101</b>	<b>1,014</b>	<b>0.23</b>	<b>15.24</b>	<b>14.03</b>	
<b>DOUGLAS COUNTY, NEBRASKA</b>									
<b><u>Omaha</u></b>									
210 South 16th Street (8).....	1894	--	--	2,876	2,875	0.59	--	--	--
<b>Total Nebraska Office</b>		<b>--</b>	<b>--</b>	<b>2,876</b>	<b>2,875</b>	<b>0.59</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>TOTAL OFFICE PROPERTIES</b>		<b>21,916,470</b>	<b>96.8</b>	<b>434,190</b>	<b>418,441</b>	<b>89.59</b>	<b>20.87</b>	<b>20.12</b>	

**Property Listing**  
**Office/Flex Properties**

<b>Property Location</b>	<b>Year Built</b>	<b>Net Rentable Area (Sq. Ft.)</b>	<b>Percentage Leased as of 12/31/00 (%) (1)</b>	<b>2000 Base Rent (\$000's) (2) (6)</b>	<b>2000 Effective Rent (\$000's) (3) (6)</b>	<b>Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)</b>	<b>2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)</b>	<b>2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)</b>	<b>Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)</b>
<b>BURLINGTON COUNTY, NEW JERSEY</b>									
<b><u>Burlington</u></b>									
3 Terri Lane.....	1991	64,500	68.8	355	343	0.07	8.00	7.73	Tempel Steel Company (18%), ATC Group Services Inc. (10%), General Service Administrators (10%)
5 Terri Lane.....	1992	74,555	88.6	394	385	0.08	5.96	5.83	United Rentals Inc. (22%), Lykes Dispensing Systems Inc. (20%), West Electronics Inc. (12%)
<b><u>Moorestown</u></b>									
2 Commerce Drive .....	1986	49,000	100.0	363	363	0.07	7.41	7.41	Computer Sciences Corporation (100%)
101 Commerce Drive .....	1988	64,700	100.0	336	296	0.07	5.19	4.57	Beckett Corporation (100%)
102 Commerce Drive .....	1987	38,400	87.5	185	184	0.04	5.51	5.48	Nelson Associates (25%), American Banknote Card Svcs. (13%), D&A Eastern Fasteners Inc. (13%), Moorestown Weightlifting Club (13%), Opex Corporation (13%), RGP Impressions Inc. (13%)
201 Commerce Drive .....	1986	38,400	100.0	196	191	0.04	5.10	4.97	Flow Thru Metals Inc. (25%), Franchise Stores Realty Corp. (25%), RE/Com Group (25%), Tropicana Products Inc. (25%)
202 Commerce Drive .....	1988	51,200	100.0	268	268	0.06	5.23	5.23	Standard Register Co. (100%)
1 Executive Drive.....	1989	20,570	100.0	172	143	0.04	8.36	6.95	Bechtel Infrastructure Corp. (48%), T.T.I. (18%)
2 Executive Drive (7) .....	1988	60,800	100.0	352	343	0.07	7.47	7.28	CSI Computer Specialists Inc. (32%), Total Product Supply Inc. (18%), On-Campus Marketing Concepts (16%), Nia Zia D/B/A Alpha Academy (10%)
101 Executive Drive.....	1990	29,355	80.0	140	119	0.03	5.96	5.07	Bayada Nurses Inc. (36%), Foundations Inc. (15%), ABC Financial (10%), Bechtel Infrastructure Corp. (10%)
102 Executive Drive.....	1990	64,000	90.0	351	308	0.07	6.09	5.35	Comtrex Systems Corp. (29%), Kencom Communications & Svcs. (21%), PDLJB Corporation (20%), Schermerhorn Bros. Co. (20%)
225 Executive Drive.....	1990	50,600	86.2	333	312	0.07	7.63	7.15	Eastern Research Inc. (77%)
97 Foster Road .....	1982	43,200	100.0	186	186	0.04	4.31	4.31	Consumer Response Company Inc. (50%), Pioneer and Company Inc. (33%), Colornet Inc. (17%)
1507 Lancer Drive.....	1995	32,700	100.0	139	130	0.03	4.25	3.98	Tad's Delivery Service Inc. (100%)
1510 Lancer Drive.....	1998	88,000	100.0	370	370	0.08	4.20	4.20	Tad's Delivery Service Inc. (100%)
1256 North Church Street.....	1984	63,495	49.9	194	165	0.04	6.12	5.21	James C. Anderson Associates (30%), Ketec Inc. (20%)
840 North Lenola Road .....	1995	38,300	100.0	266	265	0.05	6.95	6.92	Millar Elevator Service Co. (31%), Omega Storage Inc. (31%), Technology Service Solutions (25%), Computer Integration Services (13%)
844 North Lenola Road .....	1995	28,670	100.0	213	213	0.04	7.43	7.43	Lockheed Martin Corp. (41%), Curbell Inc. (33%), James J. Martin Inc. (25%)
915 North Lenola Road (7).....	1998	52,488	100.0	131	131	0.03	5.33	5.33	Premier Percussion USA Inc. (37%), Don-Mar of Connecticut, LLC (23%), Riley Sales Inc. (18%), United States Postal Service (13%)

**Property Listing**  
**Office/Flex Properties**  
*(Continued)*

<b>Property Location</b>	<b>Year Built</b>	<b>Net Rentable Area (Sq. Ft.)</b>	<b>Percentage Leased as of 12/31/00 (%) (1)</b>	<b>2000 Base Rent (\$000's) (2) (6)</b>	<b>2000 Effective Rent (\$000's) (3) (6)</b>	<b>Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)</b>	<b>2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)</b>	<b>2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)</b>	<b>Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)</b>
30 Twosome Drive .....	1997	39,675	100.0	224	224	0.05	5.65	5.65	Hartman Cards Inc. (28%), Sagot Office Interiors Inc. (24%), Aramark Sports Entertainment (14%), The Closet Factory (12%), C&L Packaging Inc. (12%), Mosler Inc. (10%)
40 Twosome Drive .....	1996	40,265	93.4	165	165	0.03	4.39	4.39	Neighborcare – TCI Inc. (49%), Marconi Communications Inc. (30%), Bellstar Inc. (14%)
50 Twosome Drive .....	1997	34,075	100.0	262	262	0.05	7.69	7.69	Wells Fargo Alarm Services (44%), Sussex Wine Merchants (42%), McCarthy Associates Inc. (14%)
<b><u>West Deptford</u></b>									
1451 Metropolitan Drive .....	1996	21,600	100.0	148	148	0.03	6.85	6.85	Garlock Bearings Inc. (100%)
<b>MERCER COUNTY, NEW JERSEY</b>									
<b><u>Hamilton Township</u></b>									
100 Horizon Drive.....	1989	13,275	100.0	46	43	0.01	3.47	3.24	PSEG Energy Technologies Inc. (100%)
200 Horizon Drive.....	1991	45,770	100.0	454	439	0.09	9.92	9.59	O.H.M. Remediation Services Corp. (100%)
300 Horizon Drive.....	1989	69,780	100.0	703	690	0.15	10.07	9.89	State of New Jersey/DEP (50%), Lucent Technologies Inc. (26%), Ward North America (14%), Stephen Gould of Pennsylvania (10%)
500 Horizon Drive.....	1990	41,205	57.8	259	231	0.05	10.87	9.70	Lakeview Child Center Inc. (19%), New Jersey Builders Assoc. (14%), Diedre Moire Corp. (11%)
<b>MONMOUTH COUNTY, NEW JERSEY</b>									
<b><u>Wall Township</u></b>									
1325 Campus Parkway .....	1988	35,000	100.0	370	354	0.08	10.57	10.11	Cisco Systems Inc. (100%)
1340 Campus Parkway .....	1992	72,502	100.0	813	709	0.17	11.21	9.78	Groundwater & Environmental Services Inc. (33%), GEAC Computers Inc. (22%), State Farm Mutual Insurance (17%), Association For Retarded Citizens (11%), Digital Lightwave, Inc. (11%)
1345 Campus Parkway .....	1995	76,300	100.0	710	706	0.15	9.31	9.25	Depot America, Inc. (37%), Quadramed Corp. (23%), De Vine Corp. (10%)
1433 Highway 34 .....	1985	69,020	100.0	557	479	0.11	8.07	6.94	State Farm Mutual Insurance Co. (48%), CACI Technologies Inc. (18%), Depot America (12%), New Jersey Natural Gas Co (11%)
1320 Wyckoff Avenue.....	1986	20,336	100.0	132	125	0.03	6.49	6.15	The County of Monmouth (100%)
1324 Wyckoff Avenue.....	1987	21,168	100.0	183	147	0.04	8.65	6.94	Blackhawk Management Corp. (53%), Systems Fulfillment (25%), Supply Saver, Inc. (22%)

**Property Listing**  
**Office/Flex Properties**  
*(Continued)*

<b>Property Location</b>	<b>Year Built</b>	<b>Net Rentable Area (Sq. Ft.)</b>	<b>Percentage Leased as of 12/31/00 (%) (1)</b>	<b>2000 Base Rent (\$000's) (2) (6)</b>	<b>2000 Effective Rent (\$000's) (3) (6)</b>	<b>Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)</b>	<b>2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)</b>	<b>2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)</b>	<b>Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)</b>
<b>PASSAIC COUNTY, NEW JERSEY</b>									
<b><u>Totowa</u></b>									
1 Center Court.....	1999	38,961	84.0	136	111	0.03	4.16	3.39	Rock-Tenn Converting Company (46%), Eizo Nanao Technologies Inc. (38%)
2 Center Court.....	1998	30,600	99.3	348	237	0.07	11.45	7.80	Nomadic Display (36%), Electro Rent Corp. (33%), Alpine Electronics of America (30%)
11 Commerce Way.....	1989	47,025	100.0	513	447	0.11	10.91	9.51	Coram Alternative Site Services (56%), D.A. Kopp & Associates Inc. (22%), Olsten Health Services (11%), Ericsson Inc. (11%)
20 Commerce Way.....	1992	42,540	100.0	446	442	0.09	10.48	10.39	Emersub LXXXVII Inc. (41%), Lodan Totowa Inc. F/K/A Emersub (21%), Dish Network Service Corp. (14%)
29 Commerce Way.....	1990	48,930	100.0	504	450	0.10	10.30	9.20	Sandvik Sorting Systems, Inc. (44%), Patterson Dental Supply Inc. (23%), Fujitec America Inc. (22%), Williams Communications LLC (11%)
40 Commerce Way.....	1987	50,576	85.7	534	439	0.11	12.32	10.13	Thomson Electron Tubes (43%), Intertek Testing Services Inc. (29%), System 3R USA Inc. (14%)
45 Commerce Way.....	1992	51,207	100.0	496	452	0.10	9.69	8.83	Ericsson Inc. (52%), Woodward Clyde Consultants (27%), Oakwood Corporate Housing (21%)
60 Commerce Way.....	1988	50,333	100.0	457	387	0.09	9.08	7.69	Ericsson Inc. (29%), Jen Mar Graphics Inc. (27%), Dolan & Traynor Building Prod (16%), Prestige Telecom Ltd. (14%), HW Exhibits (14%)
80 Commerce Way.....	1996	22,500	100.0	282	176	0.06	12.53	7.82	Learning Stop LLC (40%), Idexx Veterinary Services (37%), Inter-American Safety Council (12%)
100 Commerce Way.....	1996	24,600	100.0	308	192	0.06	12.52	7.80	Pharmerica Inc. (34%), Minolta Business Systems Inc. (34%), CCH Incorporated (32%)
120 Commerce Way.....	1994	9,024	100.0	86	81	0.02	9.53	8.98	Senior Care Centers of America (100%)
140 Commerce Way.....	1994	26,881	99.5	256	245	0.05	9.57	9.16	Universal Hospital Services (29%), Advanced Image Systems Inc. (20%), MSR Publications Inc. (19%), Holder Group Inc. (11%), Alpha Testing (10%), Showa Tool USA, Inc. (10%)
<b>Total New Jersey Office/Flex</b>		<b>1,996,081</b>	<b>94.1</b>	<b>14,336</b>	<b>13,096</b>	<b>2.95</b>	<b>7.77</b>	<b>7.11</b>	
<b>WESTCHESTER COUNTY, NEW YORK</b>									
<b><u>Elmsford</u></b>									
11 Clearbrook Road.....	1974	31,800	100.0	316	310	0.07	9.94	9.75	Creative Medical Supplies (28%), Eastern Jungle Gym Inc. (27%), MCS Marketing Group Inc. (24%), Treetops Inc. (21%)
75 Clearbrook Road.....	1990	32,720	100.0	816	816	0.17	24.94	24.94	Evening Out Inc. (100%)
150 Clearbrook Road.....	1975	74,900	93.8	1,029	998	0.21	14.65	14.21	Sportive Ventures I LLC (24%), Philips Medical Systems N.A. (18%), Transwestern Publications (12%), ADT Security Services Inc. (11%)

## Property Listing

### Office/Flex Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
175 Clearbrook Road.....	1973	98,900	98.5	1,450	1,405	0.30	14.88	14.42	Nextel of New York Inc. (35%), Hypres Inc. (15%), Perk-Up Inc. (10%)
200 Clearbrook Road.....	1974	94,000	99.8	1,208	1,139	0.25	12.88	12.14	Brunschwig & Fils Inc. (39%), Proftech Corp (20%)
250 Clearbrook Road.....	1973	155,000	94.5	1,331	1,256	0.27	9.09	8.57	AFP Imaging Corp (31%), The Artina Group Inc. (14%), Prints Plus Inc. (13%), Conri Services Inc. (10%), Merrill-Sharpe Ltd (10%)
50 Executive Boulevard.....	1969	45,200	97.2	382	373	0.08	8.69	8.49	MMO Music Group (74%), Medcon Financial Services Inc. (22%)
77 Executive Boulevard.....	1977	13,000	55.4	130	128	0.03	18.05	17.77	Bright Horizons Children Center (55%)
85 Executive Boulevard.....	1968	31,000	99.4	396	388	0.08	12.85	12.59	VREX Inc (49%), Westhab Inc. (21%), Wald Optics Laboratory Inc. (13%), Saturn II Systems Inc. (11%)
300 Executive Boulevard.....	1970	60,000	99.7	597	577	0.12	9.98	9.65	Princeton Ski Outlet Corp. (57%), Varta Batteries Inc. (31%), LMG International Inc. (12%)
350 Executive Boulevard.....	1970	15,400	98.8	252	252	0.05	16.56	16.56	Copytex Corp. (99%)
399 Executive Boulevard.....	1962	80,000	100.0	968	931	0.20	12.10	11.64	American Banknote Holographic (73%), Wine Enthusiast Inc. (15%), Brandon of Westchester (12%)
400 Executive Boulevard.....	1970	42,200	100.0	645	583	0.13	15.28	13.82	Baker Engineering NY, Inc. (39%), Ultra Fabrics Inc. (25%)
500 Executive Boulevard.....	1970	41,600	100.0	614	587	0.13	14.76	14.11	Original Consume (36%), Dover Elevator Co. (16%), Angelica Corp. (16%), Olympia Sports Inc. (13%), Philips Medical Systems N.A. (13%)
525 Executive Boulevard.....	1972	61,700	100.0	888	864	0.18	14.39	14.00	Vie De France Yamazaki Inc. (59%), New York Blood Center Inc. (21%)
1 Westchester Plaza.....	1967	25,000	100.0	301	286	0.06	12.04	11.44	British Apparel (40%), Thin Film Concepts Inc. (20%), RS Knapp (20%), JT Lynne Representatives (20%)
2 Westchester Plaza.....	1968	25,000	100.0	447	436	0.09	17.88	17.44	Board of Cooperative Education (80%), Kin-Tronics (11%)
3 Westchester Plaza.....	1969	93,500	100.0	1,142	1,126	0.24	12.21	12.04	Reveo Inc. (51%), Kangol Headwear (28%), Esperya USA Inc. (12%)
4 Westchester Plaza.....	1969	44,700	99.8	629	604	0.13	14.10	13.54	Metropolitan Life Insurance (38%), EEV Inc. (34%), Arslys Innotech Corp. (13%)
5 Westchester Plaza.....	1969	20,000	100.0	304	295	0.06	15.20	14.75	Fujitsu Network Communications (38%), Rokonet Industries USA Inc. (25%), UA Plumbers Education Fund (25%), Furniture Etc. Inc. (12%)
6 Westchester Plaza.....	1968	20,000	100.0	296	278	0.06	14.80	13.90	Pinkerton Systems Integration (28%), Xerox Corporation (28%), Game Parts Inc. (24%), Girard Rubber Co. (12%)
7 Westchester Plaza.....	1972	46,200	100.0	649	641	0.13	14.05	13.87	Emigrant Savings Bank (69%), Fire End Croker Corp. (22%)
8 Westchester Plaza.....	1971	67,200	97.2	881	776	0.18	13.49	11.88	Mamiya America Corp. (24%), Ciba Specialty Chemicals Corp. (17%), Kubra Data Transfer Ltd. (15%)
<b>Hawthorne</b>									
200 Saw Mill River Road .....	1965	51,100	100.0	626	599	0.13	12.25	11.72	Walter DeGruyter Inc. (21%), Abscoa Industries Inc. (18%), TJ Quatroni Plumbing and Heat (17%), Cablevision Lightpath Inc. (12%), SI International Instruments Inc. (10%)

## Property Listing

### Office/Flex Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
4 Skyline Drive.....	1987	80,600	99.6	1,267	1,155	0.26	15.78	14.39	Alstom USA Inc. (27%), Evonyx Inc. (23%)
8 Skyline Drive.....	1985	50,000	98.9	854	717	0.18	17.27	14.50	Clientsoft Inc. (70%), Evonyx Inc. (29%)
10 Skyline Drive.....	1985	20,000	100.0	283	262	0.06	14.15	13.10	Bi-Tronic Inc/LCA Sales Corp. (51%), Phoenix Systems Int'l (32%), ENSR Corp. (17%)
11 Skyline Drive.....	1989	45,000	100.0	689	641	0.14	15.31	14.24	Cube Computer Corp. (76%), Agathon Machine Tools Inc. (12%)
12 Skyline Drive.....	1999	46,850	100.0	806	646	0.17	17.20	13.79	Creative Visual Enterprises (38%), Medelec Inc. (32%), Savin Corporation (30%)
15 Skyline Drive.....	1989	55,000	100.0	1,005	912	0.21	18.27	16.58	Tellabs Operations Inc. (47%), Emisphere Technology Assoc. (23%), Minolta Business Solutions (16%), Acorda Therapeutics Inc. (14%)
<b><u>Yonkers</u></b>									
100 Corporate Boulevard.....	1987	78,000	98.2	1,399	1,338	0.29	18.26	17.47	Montefiore Medical Center (28%), Sempra Energy Trading Corp. (13%), Minami International Corp. (12%), Otis Elevator Company (11%), Genzyme Genetics Corp. (11%)
200 Corporate Boulevard South.....	1990	84,000	99.8	1,380	1,350	0.28	16.46	16.10	Belmay Inc. (32%), Montefiore Medical Center (23%), Advanced Viral Research Corp. (20%), Micromold Products Inc. (10%)
4 Executive Plaza .....	1986	80,000	98.7	1,025	973	0.21	12.98	12.32	Wise Contact US Optical Corp. (32%), E&B Giftware Inc. (22%), TT Systems LLC (10%)
6 Executive Plaza .....	1987	80,000	100.0	1,110	1,093	0.23	13.88	13.66	Cablevision Systems Corp. (40%), CSC Holdings Inc. (12%), Yonkers Savings & Loan Assoc. (11%), Empire Managed Care Inc. (10%)
1 Odell Plaza .....	1980	106,000	93.7	1,256	1,221	0.26	12.65	12.29	Sportive Ventures 2 LLC (19%), Market Dynamics Group LLC (11%)
5 Odell Plaza .....	1983	38,400	99.6	536	528	0.11	14.01	13.81	Voyetra Technologies Inc. (44%), Photo File Inc. (34%), Pharmerica Inc. (22%)
7 Odell Plaza .....	1984	42,600	99.6	648	634	0.13	15.27	14.94	US Postal Service (41%), TT Systems Company (24%), Bright Horizons Childrens Center (16%)
<b>Total New York Office/Flex</b>		<b>2,076,570</b>	<b>98.3</b>	<b>28,555</b>	<b>27,118</b>	<b>5.88</b>	<b>13.99</b>	<b>13.28</b>	
<b>FAIRFIELD COUNTY, CONNECTICUT</b>									
<b><u>Stamford</u></b>									
419 West Avenue .....	1986	88,000	94.0	1,486	1,460	0.31	17.96	17.65	Fuji Medical Systems USA Inc. (80%)
500 West Avenue .....	1988	25,000	100.0	422	384	0.09	16.88	15.36	Peppers and Rogers Group/Mark (35%), Lead Trackers Inc. (28%), Convergent Communications Inc. (26%), M Cohen and Sons Inc. (11%)
550 West Avenue .....	1990	54,000	100.0	785	663	0.16	14.54	12.28	Lifecodes Corp. (68%), Davidoff of Geneva (CT) Inc. (32%)
600 West Avenue .....	1999	66,000	100.0	722	685	0.15	10.94	10.38	Clarence House Imports, Ltd (100%)

**Property Listing**

**Office/Flex Properties  
(Continued)**

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
650 West Avenue	1998	40,000	100.0	555	441	0.11	13.88	11.03	Davidoff of Geneva (CT) Inc. (100%)
<b>Total Connecticut Office/Flex</b>		<b>273,000</b>	<b>98.1</b>	<b>3,970</b>	<b>3,633</b>	<b>0.82</b>	<b>14.83</b>	<b>13.57</b>	
<b>TOTAL OFFICE/FLEX PROPERTIES</b>		<b>4,345,651</b>	<b>96.4</b>	<b>46,861</b>	<b>43,847</b>	<b>9.65</b>	<b>11.25</b>	<b>10.53</b>	

## Property Listing

### Industrial/Warehouse Properties

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/00 (%) (1)	2000 Base Rent (\$000's) (2) (6)	2000 Effective Rent (\$000's) (3) (6)	Percentage of Total 2000 Office, Office/Flex, and Industrial/Warehouse Base Rent (%)	2000 Average Base Rent Per Sq. Ft. (\$) (4) (6)	2000 Average Effective Rent Per Sq. Ft. (\$) (5) (6)	Tenants Leasing 10% or More of Net Rentable Area Per Property as of 12/31/00 (6)
<b>WESTCHESTER COUNTY, NEW YORK</b>									
<b>Elmsford</b>									
1 Warehouse Lane.....	1957	6,600	100.0	57	56	0.01	8.64	8.48	JP Trucking Service Center Inc. (100%)
2 Warehouse Lane.....	1957	10,900	100.0	119	113	0.02	10.92	10.37	RJ Bruno Roofing Inc. (55%), Teleport Communications Group (41%)
3 Warehouse Lane.....	1957	77,200	100.0	290	279	0.06	3.76	3.61	United Parcel Service (100%)
4 Warehouse Lane.....	1957	195,500	97.4	1,936	1,890	0.40	10.17	9.93	San Mar Laboratories Inc. (63%), Westinghouse Air Brake Co. Inc. (14%)
5 Warehouse Lane.....	1957	75,100	97.1	774	706	0.16	10.61	9.68	Great Spring Waters of America (48%), Chamart Exclusives Inc. (16%), E & H Tire Buying Service Inc. (11%)
6 Warehouse Lane.....	1982	22,100	100.0	513	511	0.11	23.21	23.12	Conway Central Express (100%)
<b>Total Industrial/Warehouse Properties</b>		<b>387,400</b>	<b>98.1</b>	<b>3,689</b>	<b>3,555</b>	<b>0.76</b>	<b>9.70</b>	<b>9.35</b>	
<b>TOTAL OFFICE, OFFICE/FLEX, AND INDUSTRIAL/WAREHOUSE PROPERTIES</b>									
		<b>26,649,521</b>	<b>96.8</b>	<b>484,740</b>	<b>465,843</b>	<b>100.0</b>	<b>19.14</b>	<b>18.40</b>	

(1) Based on all leases in effect as of December 31, 2000.

(2) Total base rent for 2000, determined in accordance with generally accepted accounting principles ("GAAP"). Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass through of charges for electrical usage.

(3) Total base rent for 2000 minus total 2000 amortization of tenant improvements, leasing commissions and other concessions and costs, determined in accordance with GAAP.

(4) Base rent for 2000 divided by net rentable square feet leased at December 31, 2000. For those properties acquired or placed in service during 2000, amounts are annualized, as per Note 7.

(5) Effective rent for 2000 divided by net rentable square feet leased at December 31, 2000. For those properties acquired or placed in service during 2000, amounts are annualized, as per Note 7.

(6) Excludes space leased by the Company.

(7) As this property was acquired or placed in service by the Company during 2000, the amounts represented in 2000 base rent and 2000 effective rent reflect only that portion of the year during which the Company owned or placed the property in service. Accordingly, these amounts may not be indicative of the property's full year results. For comparison purposes, the amounts represented in 2000 average base rent per sq. ft. and 2000 average effective rent per sq. ft. for this property have been calculated by taking 2000 base rent and 2000 effective rent for such property and annualizing these partial-year results, dividing such annualized amounts by the net rentable square feet leased at December 31, 2000. These annualized per square foot amounts may not be indicative of the property's results had the Company owned or placed such property in service for the entirety of 2000.

(8) The property was sold by the Company in 2000.

(9) Calculation based on square feet in service as of December 31, 2000.

### **Retail Properties**

The Company owned two stand-alone retail properties as of December 31, 2000, as described below:

The Company owns an 8,000 square foot restaurant, constructed in 1986, located at 2 Executive Plaza in the South Westchester Executive Park in Yonkers, Westchester County, New York. The restaurant is 100 percent leased to Magic at Yonkers, Inc. for use as a Red Robin restaurant under a 25-year lease. The lease currently provides for fixed annual base rent of \$265,000, with fully-reimbursed real estate taxes, and operating expenses escalated based on the consumer price index ("CPI") over a base year CPI. The lease, which expires in June 2012, includes scheduled rent increases in July 2002 to approximately \$300,000 annually, and in July 2007 to approximately \$345,000 annually. The lease also provides for additional rent calculated as a percentage of sales over a specified sales amount, as well as for two five-year renewal options. 2000 total base rent for the property, calculated in accordance with GAAP, was approximately \$345,558.

The Company also owns a 9,300 square foot restaurant, constructed in 1984, located at 230 White Plains Road, Tarrytown, Westchester County, New York. The restaurant is 100 percent leased to TGI Friday's under a 10-year lease which provides for fixed annual base rent of approximately \$195,000, with fully-reimbursed real estate taxes, and operating expenses escalated based on CPI over a base year CPI. The lease, which expires in August 2004, also provides for additional rent calculated as a percentage of sales over a specified sales amount, as well as for four five-year renewal options. 2000 total base rent for the property, calculated in accordance with GAAP, was approximately \$186,241.

### **Land Leases**

The Company owned three land parcels, which were leased as of December 31, 2000, as described below:

The Company leases land to Star Enterprises, on which a 2,264 square-foot Texaco gas station was constructed, located at 1 Enterprise Boulevard in Yonkers, Westchester County, New York. The 15-year, triple-net land lease provides for annual rent of approximately \$145,000 and expires in April 2005. The lease also provides for two five-year renewal options. 2000 total base rent under this lease, calculated in accordance with GAAP, was approximately \$143,972.

The Company also leases five acres of land to Rake Realty, on which a 103,500 square-foot office building exists, located at 700 Executive Boulevard, Elmsford, Westchester County, New York. The 22-year, triple-net land lease provides for fixed annual rent plus a CPI adjustment every five years, and expires in November 2018. 2000 total base rent under this lease, calculated in accordance with GAAP, was approximately \$97,744. The lease also provides for several renewal options which could extend the lease term for an additional 30 years.

The Company also leases 27.7 acres of land to Home Depot, on which a 134,000 square-foot retail store was constructed, located at the Company's Horizon Center Business Park, Hamilton Township, Mercer County, New Jersey. The net lease, which began on February 1, 1999, provides for annual rent of approximately \$298,000 through the fifth year of the lease and fixed annual rent plus a CPI adjustment every five years for the years thereafter and expires in January 2094. The lease also provides an option for Home Depot to purchase the land in 2002. 2000 total base rent under this lease, calculated in accordance with GAAP, was approximately \$260,750.

### **Multi-family Residential Properties**

The Company owned two multi-family residential properties, as of December 31, 2000, as described below:

Tenby Chase Apartments, Delran, Burlington County, New Jersey: The Company's multi-family residential property, known as the Tenby Chase Apartments, was built in 1970. The property contains 327 units, comprised of 196 one-bedroom units and 131 two-bedroom units, with an average size of approximately 1,235 square feet per unit. The property had an average monthly rental rate of approximately \$753 per unit during 2000 and was approximately 97.5 percent leased as of December 31, 2000. The property had 2000 total base rent of approximately \$2.9 million, which represented approximately 0.6 percent of the Company's 2000 total base rent. The average occupancy rate for the property in each of 2000, 1999 and 1998 was 96.8 percent, 97.1 percent and 96.0 percent, respectively.

25 Martine Avenue, White Plains, Westchester County, New York: The Company's multi-family residential property, known as 25 Martine Avenue, was built in 1987. The property contains 124 residential units, comprised of 18 studio units, 71 one-bedroom units and 35 two-bedroom units, with an average size of approximately 722 square feet per unit. The property had an average monthly rental rate of approximately \$1,658 per unit during 2000 and was 97.0 percent leased as of December 31, 2000. The property also has retail space. The property had 2000 total base rent of approximately \$2.5 million, which represented approximately 0.5 percent of the Company's 2000 total base rent. The average occupancy rate for the property in each of 2000, 1999 and 1998 was 96.5 percent, 96.8 percent and 96.4 percent, respectively.

## OCCUPANCY

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

Year ended December 31,	Percentage of Square Feet Leased (%)
2000	96.8
1999	96.5
1998	96.6
1997	95.8
1996	96.4

## SIGNIFICANT TENANTS

The following table sets forth a schedule of the Company's 20 largest tenants for the Consolidated Properties as of December 31, 2000, based upon annualized base rents:

	Number of Properties	Annualized Base Rental Revenue (\$) (1)	Percentage of Company Annualized Base Rental Revenue (%)	Square Feet Leased	Percentage of Total Company Leased Sq. Ft. (%)	Year of Lease Expiration
AT&T Wireless Services	2	8,527,197	1.8	395,955	1.6	2007 (2)
Donaldson, Lufkin & Jenrette Securities Corp.	1	8,316,096	1.7	271,953	1.1	2011
Keystone Mercy Health Plan	3	7,429,219	1.6	325,843	1.3	2015 (3)
AT&T Corporation	2	7,268,746	1.5	450,278	1.8	2009 (4)
Prentice-Hall Inc.	1	6,744,495	1.4	474,801	1.9	2014
IBM Corporation	3	6,390,275	1.3	361,688	1.4	2007 (5)
Toys 'R' Us – NJ, Inc.	1	5,342,672	1.1	242,518	1.0	2012
Waterhouse Securities, Inc.	1	5,253,555	1.1	184,222	0.7	2015
Nabisco Inc.	3	5,183,132	1.1	310,243	1.2	2005 (6)
American Institute of Certified Public Accountants	1	4,981,357	1.0	249,768	1.0	2012
Allstate Insurance Company	9	4,727,383	1.0	224,321	0.9	2009 (7)
Board of Gov./Federal Reserve	1	4,705,391	1.0	117,008	0.5	2009 (8)
Winston & Strawn	1	4,381,770	0.9	108,100	0.4	2003
Dean Witter Trust Company	1	4,319,507	0.9	221,019	0.9	2008
CMP Media Inc.	1	4,206,598	0.9	206,274	0.8	2014
KPMG Peat Marwick, LLP	2	3,824,080	0.8	161,760	0.6	2007 (9)
Move.com Operations, Inc.	1	3,796,680	0.8	94,917	0.4	2006
Regus Business Centre Corp.	3	3,680,880	0.8	107,805	0.4	2011 (10)
Bank of Tokyo – Mitsubishi Ltd.	1	3,378,924	0.7	137,076	0.5	2009
Bankers Trust Harborside Inc.	1	3,272,500	0.7	385,000	1.5	2003
<b>Totals</b>		<b>105,730,457</b>	<b>22.1</b>	<b>5,030,549</b>	<b>19.9</b>	

(1) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

(2) 12,150 square feet expire September 2004; 345,799 square feet expire March 2007; 38,006 square feet expire June 2007.

(3) 22,694 square feet expire January 2003; 303,149 square feet expire April 2015.

(4) 63,278 square feet expire May 2004; 387,000 square feet expire January 2009.

(5) 28,289 square feet expire January 2002; 85,000 square feet expire December 2005; 248,399 square feet expire December 2007.

(6) 9,865 square feet expire September 2001; 300,378 square feet expire December 2005.

(7) 18,882 square feet expire April 2003; 4,398 square feet expire January 2004; 36,305 square feet expire January 2005; 23,024 square feet expire October 2005; 22,444 square feet expire July 2006; 6,108 square feet expire August 2006; 70,517 square feet expire June 2007; 31,143 square feet expire April 2008; 11,500 square feet expire April 2009.

(8) 94,719 square feet expire May 2005; 22,289 square feet expire July 2009.

(9) 104,556 square feet expire September 2002; 57,204 square feet expire July 2007.

(10) 28,000 square feet expire August 2010; 38,930 square feet expire April 2011; 40,875 square feet expire August 2011.

## SCHEDULE OF LEASE EXPIRATIONS

The following table sets forth a schedule of the lease expirations for the total of the Company's office, office/flex, industrial/warehouse and stand-alone retail properties, included in the Consolidated Properties, beginning January 1, 2001, assuming that none of the tenants exercise renewal options:

Year Of Expiration	Number Of Leases Expiring (1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%) (2)	Annualized Base Rental Revenue Under Expiring Leases (\$) (3)	Average Annual Rent Per Net Rentable Square Foot Represented By Expiring Leases (\$)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2001.....	531	2,639,934	10.4	43,613,737	16.52	9.2
2002.....	515	3,150,437	12.4	56,082,268	17.80	11.8
2003.....	506	3,831,520	15.1	67,498,472	17.62	14.2
2004.....	350	2,378,899	9.4	45,239,146	19.02	9.5
2005.....	346	3,167,520	12.5	62,884,809	19.85	13.2
2006.....	163	1,899,748	7.5	38,795,616	20.42	8.1
2007.....	72	1,565,437	6.2	32,235,634	20.59	6.8
2008.....	51	1,149,547	4.5	19,628,343	17.07	4.1
2009.....	39	1,113,494	4.4	21,644,393	19.44	4.5
2010.....	77	1,167,775	4.6	23,066,952	19.75	4.8
2011.....	27	1,010,078	4.0	22,213,067	21.99	4.7
2012 and thereafter	40	2,301,556	9.0	43,724,798	19.00	9.1
<b>Totals/Weighted</b>						
Average	2,717	25,375,945 (4)	100.0	476,627,235	18.78	100.0

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

(2) Excludes all unleased space as of December 31, 2000.

(3) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

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

	<u>Square Feet</u>	<u>Percentage of Total</u>
Square footage leased to commercial tenants	25,375,945	95.2%
Square footage used for corporate offices, management offices, building use, retail tenants, food services, other ancillary service tenants and occupancy adjustments	426,862	1.6
Square footage unleased	<u>864,014</u>	<u>3.2</u>
Total net rentable square footage (does not include residential, land lease, retail or not-in-service properties)	<u>26,666,821</u>	<u>100.0%</u>

## SCHEDULE OF LEASE EXPIRATIONS: OFFICE PROPERTIES

The following table sets forth a schedule of the lease expirations for the office properties beginning January 1, 2001, assuming that none of the tenants exercise renewal options:

Year Of Expiration	Number Of Leases Expiring (1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%) (2)	Annualized Base Rental Revenue Under Expiring Leases (\$) (3)	Average Annual Rent Per Net Rentable Square Foot Represented By Expiring Leases (\$)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2001.....	436	1,996,939	9.6	36,827,326	18.44	8.7
2002.....	410	2,318,146	11.1	47,490,669	20.49	11.2
2003.....	422	3,152,850	15.2	60,794,043	19.28	14.3
2004.....	293	1,814,213	8.7	38,785,904	21.38	9.2
2005.....	290	2,676,685	12.9	56,812,992	21.23	13.4
2006.....	137	1,554,837	7.5	33,508,335	21.55	7.9
2007.....	64	1,430,006	6.9	30,260,900	21.16	7.1
2008.....	45	964,500	4.6	18,204,342	18.87	4.3
2009.....	26	971,232	4.7	19,654,067	20.24	4.6
2010.....	53	855,944	4.1	18,361,508	21.45	4.3
2011.....	24	949,167	4.6	21,495,631	22.65	5.1
2012 and thereafter	35	2,115,868	10.1	41,494,249	19.61	9.9
<b>Totals/Weighted</b>						
Average	2,235	20,800,387	100.0	423,689,966	20.37	100.0

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

(2) Excludes all unleased space as of December 31, 2000.

(3) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

## SCHEDULE OF LEASE EXPIRATIONS: OFFICE/FLEX PROPERTIES

The following table sets forth a schedule of the lease expirations for the office/flex properties beginning January 1, 2001, assuming that none of the tenants exercise renewal options:

Year Of Expiration	Number Of Leases Expiring (1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%) (2)	Annualized Base Rental Revenue Under Expiring Leases (\$) (3)	Average Annual Rent Per Net Rentable Square Foot Represented By Expiring Leases (\$)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2001.....	89	632,213	15.1	6,677,238	10.56	13.7
2002.....	103	785,851	18.8	8,090,847	10.30	16.6
2003.....	80	580,696	13.9	6,203,311	10.68	12.7
2004.....	46	355,266	8.5	3,957,742	11.14	8.1
2005.....	53	477,681	11.4	5,889,941	12.33	12.1
2006.....	26	344,911	8.3	5,287,281	15.33	10.8
2007.....	8	135,431	3.2	1,974,734	14.58	4.0
2008.....	6	185,047	4.4	1,424,001	7.70	2.9
2009.....	12	130,462	3.1	1,884,126	14.44	3.9
2010.....	24	311,831	7.5	4,705,444	15.09	9.6
2011.....	3	60,911	1.5	717,436	11.78	1.5
2012 and thereafter	4	177,688	4.3	1,965,549	11.06	4.1
Totals/Weighted Average	454	4,177,988	100.0	48,777,650	11.67	100.0

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

(2) Excludes all unleased space as of December 31, 2000.

(3) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

## SCHEDULE OF LEASE EXPIRATIONS: INDUSTRIAL/WAREHOUSE PROPERTIES

The following table sets forth a schedule of the lease expirations for the industrial/warehouse properties beginning January 1, 2001, assuming that none of the tenants exercise renewal options:

Year Of Expiration	Number Of Leases Expiring (1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%) (2)	Annualized Base Rental Revenue Under Expiring Leases (\$) (3)	Average Annual Rent Per Net Rentable Square Foot Represented By Expiring Leases (\$)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2001.....	6	10,782	2.8	109,173	10.13	3.0
2002.....	2	46,440	12.2	500,752	10.78	13.5
2003.....	4	97,974	25.8	501,118	5.11	13.5
2004.....	10	200,120	52.6	2,300,500	11.50	62.2
2005.....	3	13,154	3.5	181,876	13.83	4.9
2009.....	1	11,800	3.1	106,200	9.00	2.9
Totals/Weighted Average	26	380,270	100.0	3,699,619	9.73	100.0

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

(2) Excludes all unleased space as of December 31, 2000.

(3) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rent revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, the historical results may differ from those set forth above.

## SCHEDULE OF LEASE EXPIRATIONS: STAND-ALONE RETAIL PROPERTIES

The following table sets forth a schedule of the lease expirations for the stand-alone retail properties beginning January 1, 2001, assuming that none of the tenants exercise renewal options:

Year Of Expiration	Number Of Leases Expiring (1)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%) (2)	Annualized Base Rental Revenue Under Expiring Leases (\$)	Average Annual Rent Per Net Rentable Square Foot Represented By Expiring Leases (\$)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2004.....	1	9,300	53.8	195,000	20.97	42.4
2012 .....	1	8,000	46.2	265,000	33.12	57.6
Totals/Weighted Average	2	17,300	100.0	460,000	26.59	100.0

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

(2) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

## INDUSTRY DIVERSIFICATION

The following table lists the Company's 30 largest industry classifications based on annualized contractual base rent of the Consolidated Properties:

Industry Classification (3)	Annualized Base Rental Revenue (\$)(1)(2)	Percentage of Company Annualized Base Rental Revenue (%)	Square Feet Leased	Percentage of Total Company Leased Sq. Ft. (%)
Securities, Commodity Contracts & Other Financial	54,293,717	11.4	2,333,149	9.2
Manufacturing	45,232,970	9.5	2,733,304	10.8
Computer System Design Svcs.	33,965,877	7.1	1,799,904	7.1
Telecommunications	32,056,149	6.7	1,863,008	7.3
Insurance Carriers & Related Activities	31,246,470	6.6	1,607,184	6.3
Legal Services	28,655,988	6.0	1,280,166	5.0
Health Care & Social Assistance	21,199,594	4.5	1,079,556	4.3
Credit Intermediation & Related Activities	19,966,062	4.2	1,173,198	4.6
Wholesale Trade	17,090,086	3.6	1,254,193	4.9
Accounting/Tax Prep.	16,191,496	3.4	762,021	3.0
Other Professional	15,709,854	3.3	897,542	3.5
Retail Trade	15,304,387	3.2	877,279	3.5
Information Services	13,485,944	2.8	637,787	2.5
Publishing Industries	12,780,221	2.7	560,880	2.2
Arts, Entertainment & Recreation	10,873,673	2.3	742,323	2.9
Real Estate & Rental & Leasing	10,441,206	2.2	481,484	1.9
Public Administration	10,196,985	2.1	353,072	1.4
Other Services (except Public Administration)	9,973,705	2.1	720,267	2.8
Advertising/Related Services	9,059,880	1.9	422,451	1.7
Scientific Research/Development	9,004,156	1.9	516,192	2.0
Management/Scientific	7,713,798	1.6	394,625	1.6
Management of Companies & Finance	6,846,791	1.4	351,868	1.4
Transportation	6,534,616	1.4	449,769	1.8
Data Processing Services	5,774,618	1.2	268,770	1.1
Architectural/Engineering	5,268,844	1.1	302,525	1.2
Construction	4,481,491	0.9	252,042	1.0
Educational Services	3,885,332	0.8	214,446	0.9
Utilities	3,621,901	0.8	177,871	0.7
Admin. & Support, Waste Mgt. & Remediation Svc.	3,556,598	0.8	239,164	0.9
Specialized Design Services	3,488,148	0.7	164,620	0.7
Other	8,726,678	1.8	465,285	1.8
<b>Totals</b>	<b>476,627,235</b>	<b>100.0</b>	<b>25,375,945</b>	<b>100.0</b>

- (1) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.
- (2) Includes office, office/flex, industrial/warehouse and stand-alone retail tenants only. Excludes leases for amenity, retail, parking and month-to-month office tenants. Some tenants have multiple leases.
- (3) The Company's tenants are classified according to the U.S. Government's new North American Industrial Classification System (NAICS) which has replaced the Standard Industrial Code (SIC) system.

## MARKET DIVERSIFICATION

The following table lists the Company's 25 markets (MSAs), based on annualized contractual base rent of the Consolidated Properties:

Market (MSA)	Annualized Base Rental Revenue (\$) <sup>(1)</sup> <sup>(2)</sup>	Percentage of Company Annualized Base Rental Revenue (%)	Total Property Size Rentable Area	Percentage of Rentable Area (%)
Bergen-Passaic, NJ	82,717,384	17.4	4,530,091	17.0
New York, NY (Westchester-Rockland Counties)	80,086,544	16.8	4,696,178	17.6
Newark, NJ (Essex-Morris-Union Counties)	71,596,650	15.0	3,444,598	12.9
Jersey City, NJ	42,609,281	8.9	2,094,470	7.8
Philadelphia, PA-NJ	37,954,991	8.0	2,710,346	10.2
Washington, DC-MD-VA	19,253,047	4.0	616,549	2.3
Denver, CO	17,302,628	3.6	1,007,931	3.8
Dallas, TX	15,516,855	3.3	959,463	3.6
Middlesex-Somerset-Hunterdon, NJ	15,343,278	3.2	791,051	3.0
Trenton, NJ (Mercer County)	13,423,461	2.8	672,365	2.5
San Francisco, CA	12,594,371	2.6	450,891	1.7
San Antonio, TX	12,018,130	2.5	940,302	3.5
Stamford-Norwalk, CT	9,369,016	2.0	527,250	2.0
Houston, TX	8,888,789	1.9	700,008	2.6
Monmouth-Ocean, NJ	7,375,329	1.5	577,423	2.2
Nassau-Suffolk, NY	5,762,698	1.2	261,849	1.0
Phoenix-Mesa, AZ	5,535,201	1.2	416,967	1.6
Tampa-St. Petersburg-Clearwater, FL	3,869,760	0.8	297,429	1.1
Boulder-Longmont, CO	3,600,741	0.8	270,421	1.0
Bridgeport, CT	3,230,808	0.7	145,487	0.5
Colorado Springs, CO	2,832,002	0.6	209,987	0.8
Dutchess County, NY	2,201,156	0.5	118,727	0.4
Atlantic-Cape May, NJ	1,339,776	0.3	80,344	0.3
Des Moines, IA	1,163,019	0.2	72,265	0.3
Fort Worth-Arlington, TX	1,042,320	0.2	74,429	0.3
<b>Totals</b>	<b>476,627,235</b>	<b>100.0</b>	<b>26,666,821</b>	<b>100.0</b>

- (1) Annualized base rental revenue is based on actual December 2000 billings times 12. For leases whose rent commences after January 1, 2001, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.
- (2) Includes office, office/flex, industrial/warehouse and stand-alone retail tenants only. Excludes leases for amenity, retail, parking and month-to-month office tenants. Some tenants have multiple leases.

**ITEM 3. LEGAL PROCEEDINGS**

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

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

Not applicable.

## PART II

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

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

#### MARKET INFORMATION

The following table sets forth the quarterly high, low, and closing price per share of Common Stock reported on the NYSE for the years ended December 31, 2000 and 1999, respectively:

For the Year Ended December 31, 2000:

	<u>High</u>	<u>Low</u>	<u>Close</u>
First Quarter	\$26.6250	\$22.7500	\$25.5000
Second Quarter	\$28.4375	\$24.4375	\$25.6875
Third Quarter	\$28.6250	\$25.0625	\$28.1875
Fourth Quarter	\$28.8750	\$25.7500	\$28.5625

For the Year Ended December 31, 1999:

	<u>High</u>	<u>Low</u>	<u>Close</u>
First Quarter	\$31.8750	\$27.0000	\$29.3750
Second Quarter	\$33.6250	\$27.1875	\$30.9375
Third Quarter	\$30.8125	\$25.7500	\$26.8215
Fourth Quarter	\$26.8125	\$23.1250	\$26.0625

On February 15, 2001, the closing Common Stock sales price on the NYSE was \$27.35 per share.

#### HOLDERS

On February 15, 2001, the Company had 426 common shareholders of record.

#### RECENT SALES OF UNREGISTERED SECURITIES

The Company did not issue any unregistered securities in the year ended December 31, 2000.

#### DIVIDENDS AND DISTRIBUTIONS

During the year ended December 31, 2000, the Company declared four quarterly common stock dividends and common unit distributions in the amounts of \$0.58, \$0.58, \$0.61 and \$0.61 per share and common unit from the first to the fourth quarter, respectively.

During the year ended December 31, 1999, the Company declared four quarterly common stock dividends and common unit distributions in the amounts of \$0.55, \$0.55, \$0.58 and \$0.58 per share and common unit from the first to the fourth quarter, respectively.

The declaration and payment of dividends and distributions will continue to be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition, capital requirements, applicable legal restrictions and other factors.

## ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data on a consolidated basis for the Company. The consolidated selected operating, balance sheet and cash flow data of the Company as of December 31, 2000, 1999, 1998, 1997 and 1996, and for the periods then ended have been derived from financial statements audited by PricewaterhouseCoopers LLP, independent accountants.

Operating Data In thousands, except per share data	Year Ended December 31,				
	2000	1999	1998	1997	1996
Total revenues	\$ 576,153	\$ 551,484	\$ 493,699	\$ 249,801	\$ 95,472
Operating and other expenses	\$ 172,146	\$ 168,651	\$ 150,448	\$ 75,353	\$ 29,662
General and administrative	\$ 23,276	\$ 25,480	\$ 24,828	\$ 15,659	\$ 5,800
Depreciation and amortization	\$ 92,088	\$ 87,209	\$ 78,916	\$ 36,825	\$ 14,731
Interest expense	\$ 105,394	\$ 102,960	\$ 88,043	\$ 39,078	\$ 13,758
Non-recurring charges	\$ 37,139	\$ 16,458	\$ --	\$ 46,519	--
Income before minority interests and extraordinary item	\$ 231,463	\$ 152,683	\$ 151,464	\$ 36,367	\$ 37,179
Income before extraordinary item	\$ 185,338	\$ 119,739	\$ 118,951	\$ 4,988	\$ 32,419
Basic earnings per share – before extraordinary item	\$ 3.18	\$ 2.05	\$ 2.13	\$ 0.13	\$ 1.76
Diluted earnings per share – before extraordinary item	\$ 3.10	\$ 2.04	\$ 2.11	\$ 0.12	\$ 1.73
Dividends declared per common share	\$ 2.38	\$ 2.26	\$ 2.10	\$ 1.90	\$ 1.75
Basic weighted average shares outstanding	58,338	58,385	55,840	39,266	18,461
Diluted weighted average shares outstanding	73,070	67,133	63,893	44,156	21,436

Balance Sheet Data In thousands	December 31,				
	2000	1999	1998	1997	1996
Rental property, before accumulated depreciation and amortization	\$ 3,704,354	\$ 3,654,845	\$ 3,467,799	\$ 2,629,616	\$ 853,352
Total assets	\$ 3,676,977	\$ 3,629,601	\$ 3,452,194	\$ 2,593,444	\$ 1,026,328
Total debt	\$ 1,628,512	\$ 1,490,175	\$ 1,420,931	\$ 972,650	\$ 268,010
Total liabilities	\$ 1,774,239	\$ 1,648,844	\$ 1,526,974	\$ 1,056,759	\$ 297,985
Minority interests	\$ 449,448	\$ 538,875	\$ 501,313	\$ 379,245	\$ 26,964
Stockholders' equity	\$ 1,453,290	\$ 1,441,882	\$ 1,423,907	\$ 1,157,440	\$ 701,379

Other Data In thousands	Year Ended December 31,				
	2000	1999	1998	1997	1996
Cash flows provided by operating activities	\$ 180,529	\$ 243,638	\$ 208,761	\$ 98,142	\$ 46,823
Cash flows provided by (used in) investing activities	\$ 6,189	\$ (195,178)	\$ (749,067)	\$ (939,501)	\$ (307,752)
Cash flows (used in) provided by financing activities	\$ (182,210)	\$ (45,598)	\$ 543,411	\$ 639,256	\$ 464,769
Funds from operations (1), before distributions to preferred unitholders	\$ 262,071	\$ 244,240	\$ 216,949	\$ 111,752	\$ 45,220
Funds from operations (1), after distributions to preferred unitholders	\$ 246,630	\$ 228,764	\$ 200,636	\$ 110,864	\$ 45,220

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

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

The following discussion should be read in conjunction with the Consolidated Financial Statements of Mack-Cali Realty Corporation and the notes thereto. Certain defined terms used herein have the meaning ascribed to them in the Consolidated Financial Statements.

The following comparisons for the year ended December 31, 2000 ("2000"), as compared to the year ended December 31, 1999 ("1999"), and for 1999, as compared to the year ended December 31, 1998 ("1998"), make reference to the following: (i) the effect of the "Same-Store Properties," which represents all in-service properties owned by the Company at December 31, 1998, excluding Dispositions as defined below (for the 2000 versus 1999 comparison) and which represents all in-service properties owned by the Company at December 31, 1997, excluding Dispositions as defined below (for the 1999 versus 1998 comparison), (ii) the effect of the "Acquired Properties," which represents all properties acquired or placed in service by the Company from January 1, 1999 through December 31, 2000 (for the 2000 versus 1999 comparison) and which represents all properties acquired or placed in service by the Company from January 1, 1998 through December 31, 1999 (for the 1999 versus 1998 comparison) and (iii) the effect of the "Dispositions", which represents results for each period for those rental properties sold by the Company during the respective periods.

***Year Ended December 31, 2000 Compared to Year Ended December 31, 1999***

<i>(dollars in thousands)</i>	Year Ended December 31,		Dollar	Percent
	2000	1999	Change	Change
<b>Revenue from rental operations:</b>				
Base rents	\$491,193	\$469,853	\$21,340	4.5%
Escalations and recoveries from tenants	58,488	62,182	(3,694)	(5.9)
Parking and other	15,325	15,915	(590)	(3.7)
Sub-total	565,006	547,950	17,056	3.1
Equity in earnings of unconsolidated joint ventures	8,055	2,593	5,462	210.6
Interest income	3,092	941	2,151	228.6
Total revenues	576,153	551,484	24,669	4.5
<b>Property expenses:</b>				
Real estate taxes	59,400	57,382	2,018	3.5
Utilities	42,035	41,580	455	1.1
Operating services	70,711	69,689	1,022	1.5
Sub-total	172,146	168,651	3,495	2.1
General and administrative	23,276	25,480	(2,204)	(8.6)
Depreciation and amortization	92,088	87,209	4,879	5.6
Interest expense	105,394	102,960	2,434	2.4
Non-recurring charges	37,139	16,458	20,681	125.7
Total expenses	430,043	400,758	29,285	7.3
Income before gain on sales of rental property and minority interests	146,110	150,726	(4,616)	(3.1)
Gain on sales of rental property	85,353	1,957	83,396	4,261.4
Income before minority interests	231,463	152,683	78,780	51.6
<b>Minority interests:</b>				
Operating partnership	41,053	32,865	8,188	24.9
Partially-owned properties	5,072	79	4,993	6,320.3
Net income	\$185,338	\$119,739	\$65,599	54.8%

The following is a summary of the changes in revenue from rental operations and property expenses divided into Same-Store Properties, Acquired Properties and Dispositions (dollars in thousands):

	<u>Total Company</u>		<u>Same-Store Properties</u>		<u>Acquired Properties</u>		<u>Dispositions</u>	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Revenue from rental operations:</b>								
Base rents	\$21,340	4.5%	\$16,615	3.5%	\$21,429	4.6%	\$(16,704)	(3.6)%
Escalations and recoveries from from tenants	(3,694)	(5.9)	(577)	(0.9)	1,602	2.6	(4,719)	(7.6)
Parking and other	(590)	(3.7)	(111)	(0.7)	150	0.9	(629)	(3.9)
<b>Total</b>	<b>\$17,056</b>	<b>3.1%</b>	<b>\$15,927</b>	<b>2.9%</b>	<b>\$23,181</b>	<b>4.2%</b>	<b>\$(22,052)</b>	<b>(4.0)%</b>
<b>Property expenses:</b>								
Real estate taxes	\$ 2,018	3.5%	\$ 1,267	2.2%	\$ 2,287	4.0%	\$ (1,536)	(2.7)%
Utilities	455	1.1	752	1.8	1,501	3.6	(1,798)	(4.3)
Operating services	1,022	1.5	664	1.0	3,359	4.8	(3,001)	(4.3)
<b>Total</b>	<b>\$ 3,495</b>	<b>2.1%</b>	<b>\$ 2,683</b>	<b>1.6%</b>	<b>\$ 7,147</b>	<b>4.2%</b>	<b>\$ (6,335)</b>	<b>(3.7)%</b>

**OTHER DATA:**

Number of Consolidated Properties	255	237	18	7
Square feet (in thousands)	26,667	24,886	1,781	1,949

Base rents for the Same-Store Properties increased \$16.6 million, or 3.5 percent, for 2000 as compared to 1999, due primarily to rental rate increases in 2000. Escalations and recoveries from tenants for the Same-Store Properties decreased \$0.6 million, or 0.9 percent, for 2000 over 1999, due to the recovery of a decreased amount of total property expenses. Parking and other income for the Same-Store Properties decreased \$0.1 million, or 0.7 percent, due primarily to fewer lease termination fees in 2000.

Real estate taxes on the Same-Store Properties increased \$1.3 million, or 2.2 percent, for 2000 as compared to 1999, due primarily to property tax rate increases in certain municipalities in 2000. Utilities for the Same-Store Properties increased \$0.8 million, or 1.8 percent, for 2000 as compared to 1999, due primarily to increased rates. Operating services for the Same-Store Properties increased \$0.7 million, or 1.0 percent, due primarily to an increase in maintenance costs in 2000.

Equity in earnings of unconsolidated joint ventures increased \$5.5 million, or 210.6 percent, for 2000 as compared to 1999. This is due primarily to properties developed by joint ventures being placed in service in 2000 and higher occupancies (see Note 4 to the Financial Statements).

Interest income increased \$2.2 million, or 228.6 percent, for 2000 as compared to 1999. This increase was due primarily to the effect of net proceeds from certain property sales being invested in cash and cash equivalents for the period of time prior to which such proceeds were reinvested, as well as income from mortgages receivable in 2000.

General and administrative decreased by \$2.2 million, or 8.6 percent, for 2000 as compared to 1999. This decrease is due primarily to decreased payroll and related costs in 2000.

Depreciation and amortization increased by \$4.9 million, or 5.6 percent, for 2000 over 1999. Of this increase, \$5.4 million, or 6.2 percent, is attributable to the Same-Store Properties, and \$3.8 million, or 4.4 percent, is due to the Acquired Properties, partially offset by a decrease of \$4.3 million, or 5.0 percent, due to the Dispositions.

Interest expense increased \$2.4 million, or 2.4 percent, for 2000 as compared to 1999. This increase is due primarily to the replacement in March 1999 of short-term credit facility borrowings with long-term fixed rate unsecured notes and increase in LIBOR in 2000 over 1999.

Non-recurring charges of \$37.1 million were incurred in 2000 as a result of costs associated with the termination of the Prentiss merger agreement (see Note 3 to the Financial Statements) in September 2000 and costs associated with the resignations of Brant Cali and John R. Cali (see Note 14 to the Financial Statements) in June 2000. Non-recurring charges of \$16.5 million were incurred in 1999 as a result of the resignation of Thomas A. Rizk (see Note 14 to the Financial Statements).

Income before gain on sales of rental property and minority interests decreased to \$146.1 million in 2000 from \$150.7 million in 1999. The decrease of approximately \$4.6 million is due to the factors discussed above.

Net income increased by \$65.6 million, from \$119.7 million in 1999 to \$185.3 million in 2000. This increase was a result of a gain on sales of rental property of \$85.4 million in 2000. This was partially offset by a decrease in income before gain on sales of rental property and minority interests of \$4.6 million in 2000 as compared to 1999, a gain on sales of rental property of \$2.0 million in 1999, and an increase in minority interests of \$13.2 million in 2000.

***Year Ended December 31, 1999 Compared to Year Ended December 31, 1998***

<i>(dollars in thousands)</i>	Year Ended December 31,		Dollar	Percent
	1999	1998	Change	Change
<b>Revenue from rental operations:</b>				
Base rents	\$469,853	\$427,528	\$42,325	9.9%
Escalations and recoveries from tenants	62,182	51,981	10,201	19.6
Parking and other	15,915	10,712	5,203	48.6
Sub-total	547,950	490,221	57,729	11.8
Equity in earnings of unconsolidated joint ventures	2,593	1,055	1,538	145.8
Interest income	941	2,423	(1,482)	(61.2)
Total revenues	551,484	493,699	57,785	11.7
<b>Property expenses:</b>				
Real estate taxes	57,382	48,297	9,085	18.8
Utilities	41,580	38,440	3,140	8.2
Operating services	69,689	63,711	5,978	9.4
Sub-total	168,651	150,448	18,203	12.1
General and administrative	25,480	24,828	652	2.6
Depreciation and amortization	87,209	78,916	8,293	10.5
Interest expense	102,960	88,043	14,917	16.9
Non-recurring charges	16,458	--	16,458	--
Total expenses	400,758	342,235	58,523	17.1
Income before gain on sales of rental property, Minority interests and extraordinary item	150,726	151,464	(738)	(0.5)
Gain on sales of rental property	1,957	--	1,957	--
Income before minority interests and Extraordinary item	152,683	151,464	1,219	0.8
<b>Minority interests:</b>				
Operating partnership	32,865	32,513	352	1.1
Partially-owned properties	79	--	79	--
Income before extraordinary item	119,739	118,951	788	0.7
Extraordinary item – loss on early retirement of debt (net of minority interest's share of \$297 in 1998)	--	(2,373)	2,373	(100.0)
Net income	\$119,739	\$116,578	\$ 3,161	2.7%

The following is a summary of changes in revenue from rental operations and property expenses divided into Same-Store Properties, Acquired Properties and Dispositions (dollars in thousands):

	<u>Total Company</u>		<u>Same-Store Properties</u>		<u>Acquired Properties</u>		<u>Dispositions</u>	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Revenue from rental operations:</b>								
Base rents	\$42,325	9.9%	\$10,007	2.4%	\$32,519	7.6%	\$(201)	(0.1)%
Escalations and recoveries from from tenants	10,201	19.6	4,800	9.2	5,404	10.4	(3)	0.0
Parking and other	5,203	48.6	2,585	24.1	2,601	24.3	17	0.2
<b>Total</b>	<b>\$57,729</b>	<b>11.8%</b>	<b>\$17,392</b>	<b>3.6%</b>	<b>\$40,524</b>	<b>8.3%</b>	<b>\$(187)</b>	<b>(0.1)%</b>
<b>Property expenses:</b>								
Real estate taxes	\$ 9,085	18.8%	\$ 3,300	6.8%	\$ 5,817	12.1%	\$ (32)	(0.1)%
Utilities	3,140	8.2	400	1.0	2,738	7.2	2	0.0
Operating services	5,978	9.4	(165)	(0.3)	6,210	9.8	(67)	(0.1)
<b>Total</b>	<b>\$18,203</b>	<b>12.1%</b>	<b>\$ 3,535</b>	<b>2.4%</b>	<b>\$14,765</b>	<b>9.8%</b>	<b>\$ (97)</b>	<b>(0.1)%</b>

**OTHER DATA:**

Number of Consolidated Properties	253	187	66	2
Square feet (in thousands)	27,383	21,775	5,608	190

Base rents for the Same-Store Properties increased \$10.0 million, or 2.4 percent, for 1999 as compared to 1998, due primarily to rental rate increases in 1999. Escalations and recoveries from tenants for the Same-Store Properties increased \$4.8 million, or 9.2 percent, for 1999 over 1998, due to the recovery of an increased amount of total property expenses, as well as additional settle-up billings in 1999. Parking and other income for the Same-Store Properties increased \$2.6 million, or 24.1 percent, due primarily to increased lease termination fees in 1999.

Real estate taxes on the Same-Store Properties increased \$3.3 million, or 6.8 percent, for 1999 as compared to 1998, due primarily to property tax rate increases in certain municipalities in 1999. Utilities for the Company increased \$3.1 million, or 8.2 percent, for 1999 as compared to 1998, due substantially to the Acquired Properties. Operating services for the Same-Store Properties decreased \$0.2 million, or 0.3 percent, due primarily to a reduction in maintenance costs incurred.

Equity in earnings of unconsolidated joint ventures increased \$1.5 million in 1999 as compared to 1998. This is due primarily to additional joint venture investments made by the Company (see Note 4 to the Financial Statements).

Interest income decreased \$1.5 million, or 61.2 percent, for 1999 as compared to 1998. This decrease was due primarily to repayment by a borrower of a mortgage note receivable in 1998.

General and administrative increased by \$0.7 million, or 2.6 percent, for 1999 as compared to 1998. This increase is due primarily to increased payroll and related costs in 1999.

Depreciation and amortization increased by \$8.3 million, or 10.5 percent, for 1999 over 1998. Of this increase, \$4.8 million, or 6.1 percent, is attributable to the Acquired Properties and \$3.5 million, or 4.4 percent, is due to the Same-Store Properties.

Interest expense increased \$14.9 million, or 16.9 percent, for 1999 as compared to 1998. This increase is due primarily to the replacement in 1999 of short-term credit facility borrowings with long-term fixed rate unsecured debt and net additional drawings from the Company's revolving credit facilities generally as a result of Company acquisitions in 1998. These increases were partially offset by the reduction in spread over LIBOR due to the Unsecured Facility signed in April 1998 and the achievement by the Company of investment grade credit ratings in November 1998.

Non-recurring charges of \$16.5 million were incurred in 1999, as a result of the resignation of Thomas A. Rizk (see Note 14 to the Financial Statements).

Income before gain on sales of rental property, minority interests and extraordinary item decreased to \$150.7 million in 1999 from \$151.5 million in 1998. The decrease of approximately \$0.8 million is due to the factors discussed above.

Net income increased by \$3.1 million, from \$116.6 million in 1998 to \$119.7 million in 1999. This increase was a result of an extraordinary item of \$2.4 million (net of minority interest) due to early retirement of debt in 1998, and a gain on sales of rental property of \$1.9 million in 1999. These were partially offset by a decrease in income before gain on sales of rental property, minority interests and extraordinary item of \$0.8 million in 2000 as compared to 1999 and an increase in minority interests of \$0.4 million.

### ***Liquidity and Capital Resources***

#### **Statement of Cash Flows**

During the year ended December 31, 2000, the Company generated \$180.5 million in cash flows from operating activities, and together with \$723.0 million in borrowings from the Company's senior unsecured notes and revolving credit facilities, \$292.9 million in proceeds from sales of rental property, \$13.3 million in distributions received from unconsolidated joint ventures, \$2.5 million in proceeds from stock options exercised and \$0.5 million from restricted cash, used an aggregate of approximately \$1.2 billion to acquire properties and land parcels and pay for other tenant and building improvements totaling \$268.2 million, repay outstanding borrowings on its revolving credit facilities and other mortgage debt of \$585.0 million, pay quarterly dividends and distributions of \$172.1 million, invest \$17.6 million in unconsolidated joint ventures, distribute \$88.7 million to minority interest in partially-owned properties, issue mortgage note receivables of \$14.7 million, pay financing costs of \$6.4 million, repurchase 2,026,300 shares of its outstanding common stock for \$55.5 million and increase the Company's cash and cash equivalents by \$4.5 million.

#### **Capitalization**

The Company has a focused strategy geared to attractive opportunities in high-barrier-to-entry markets, primarily predicated on the Company's strong presence in the Northeast region and, to a lesser extent, certain markets in California. The Company plans to sell substantially all of its properties located in the Southwestern and Western regions, using such proceeds to invest in property acquisitions and development projects in its core Northeast markets, as well as to repay debt and fund stock repurchases.

During 2000, the Company sold three of its office properties located in the Southwest and Western regions for aggregate net proceeds of approximately \$57.8 million (see Note 3 – "2000 Transactions – Property Sales" to the financial statements.) Currently, the Company is actively seeking to sell 10 office properties located in San Antonio and Houston, Texas.

Consistent with its strategy, in the fourth quarter 2000, the Company started construction of a 980,000 square-foot office property, to be known as Plaza 5, at its Harborside Financial Center office complex in Jersey City, Hudson County, New Jersey. The total cost of the project is currently projected to be approximately \$260 million and is anticipated to be completed in third quarter 2002. Additionally, in the fourth quarter 2000, the Company, through a joint venture, started construction of a 575,000 square-foot office property, to be known as Plaza 10, on land owned by the joint venture located adjacent to the Company's Harborside complex. The total cost of this project is currently projected to be approximately \$140 million and is anticipated to be completed in third quarter 2002. Plaza 10 is 100 percent pre-leased to Charles Schwab for a 15-year term. The lease agreement obligates the Company, among other things, to deliver space to the tenant by required timelines and offers expansion options, at the tenant's election, to additional space in any adjacent Harborside projects. Such options may obligate the Company to construct an additional building at Harborside if vacant space is not available in any of its existing Harborside properties. Should the Company be unable to or choose not to provide such expansion space, the Company could be liable to Schwab for its actual damages, in no event to exceed \$15.0 million. The Company expects to finance its funding requirements under both Plazas 5 and 10 projects through drawing on its revolving credit facilities, construction financing, or through joint venture arrangements.

On August 6, 1998, the Board of Directors of the Company authorized a Repurchase Program under which the Company was permitted to purchase up to \$100.0 million of the Company's outstanding common stock. Under the Repurchase Program, the Company purchased for constructive retirement 1,869,200 shares of its outstanding common stock for an aggregate cost of approximately \$52.6 million through September 12, 2000.

On September 13, 2000, the Board of Directors authorized an increase to the Repurchase Program under which the Company is permitted to purchase up to an additional \$150.0 million of the Company's outstanding common stock above the \$52.6 million that had previously been purchased. From that date through February 15, 2001, the Company purchased for constructive retirement 2,098,300 shares of its outstanding common stock for an aggregate cost of approximately \$57.5 million under the Repurchase Program. The Company has authorization to repurchase up to an additional \$92.5 million of its outstanding common stock which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

As of December 31, 2000, the Company's total indebtedness of \$1.6 billion (weighted average interest rate of 7.29 percent) was comprised of \$381.0 million of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 7.53 percent) and fixed rate debt of \$1.2 billion (weighted average rate of 7.25 percent).

As of December 31, 2000, the Company had outstanding borrowings of \$348.8 million under its revolving credit facilities (with aggregate borrowing capacity of \$900.0 million). The total outstanding borrowings were from the 2000 Unsecured Facility, with no outstanding borrowings under the Prudential Facility. The interest rate on outstanding borrowings under the 2000 Unsecured Facility is currently LIBOR plus 80 basis points. The Company may instead elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The 2000 Unsecured Facility also requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. In the event of a change in the Company's unsecured debt rating, the interest and facility fee rate will be changed on a sliding scale. Subject to certain conditions, the Company has the ability to increase the borrowing capacity of the 2000 Unsecured Facility up to \$1.0 billion. The 2000 Unsecured Facility matures in June 2003, with an extension option of one year, which would require a payment of 25 basis points of the then borrowing capacity of the credit line upon exercise. The Company has been notified that the Prudential Facility, which carries an interest rate of 110 basis points over LIBOR and matures in June 2001, will not be renewed. The Company believes that the 2000 Unsecured Facility is sufficient to meet its revolving credit facility needs.

The terms of the 2000 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 (as defined) for such period, subject to certain other adjustments.

On December 21, 2000, the Operating Partnership issued \$15.0 million of 7.835 percent senior unsecured notes due December 15, 2010 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions) of approximately \$14.9 million were used primarily to pay down outstanding borrowings under the Prudential Facility, as defined in Note 9 to the Financial Statements.

In January 2001, the Operating Partnership issued \$300.0 million face amount of 7.75 percent senior unsecured notes due February 15, 2011 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately \$296.3 million were used to pay down outstanding borrowings under the 2000 Unsecured Facility, as defined in Note 9 to the Financial Statements. The senior unsecured notes were issued at a discount of approximately \$1.7 million.

The terms of the Operating Partnership's unsecured corporate debt include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

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

As of December 31, 2000, the Company had 229 unencumbered properties, totaling 20.4 million square feet, representing 76.5 percent of the Company's total portfolio on a square footage basis.

The Company has an effective shelf registration statement with the SEC for an aggregate amount of \$2.0 billion in equity securities of the Company. The Company and Operating Partnership also have an effective shelf registration statement with the SEC for an aggregate of \$2.0 billion in debt securities, preferred stock and preferred stock represented by depositary shares, under which the Operating Partnership has issued an aggregate of \$1.1 billion of unsecured corporate debt. The Company also has an effective registration statement with the SEC for a dividend reinvestment and stock purchase plan, which commenced in March 1999.

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

The Company expects to meet its short-term liquidity requirements generally through its working capital, net cash provided by operating activities and from the 2000 Unsecured Facility. The Company is frequently examining potential property acquisitions and construction projects and, at any given time, one or more of such acquisitions or construction projects may be under consideration. Accordingly, the ability to fund property acquisitions and construction projects is a major part of the Company's financing requirements. The Company expects to meet its financing requirements through funds generated from operating activities, proceeds from property sales, long-term or short-term borrowings (including draws on the Company's revolving credit facilities) and the issuance of additional debt or equity securities.

Following the Operating Partnership's issuance of \$300.0 million in senior unsecured notes in January 2001, the Company's total debt had a weighted average term to maturity of approximately 5.9 years. The Company does not intend to reserve funds to retire the Company's unsecured corporate debt or its 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 is reviewing various refinancing options, including the issuance of additional unsecured debt, preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 2001. The Company anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs both in the short and long-term. However, if these sources of funds are insufficient or unavailable, the Company's ability to make the expected distributions discussed below may be adversely affected.

To maintain its qualification as a REIT, the Company must make annual distributions to its stockholders of at least 90 percent (for taxable years beginning after December 31, 2000) 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 \$138.9 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 and non-recurring charges, 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 items, and sales of depreciable rental 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 and non-recurring charges.

Funds from operations for the years ended December 31, 2000, 1999 and 1998, as calculated in accordance with NAREIT’s definition as published in October 1999, after adjustment for straight-lining of rents and non-recurring charges, are summarized in the following table (*in thousands*):

	Year Ended December 31,		
	2000	1999	1998
Income before gain on sales of rental property, minority interests and extraordinary item	\$146,110	\$ 150,726	\$ 151,464
Add: Real estate-related depreciation and amortization (1)	94,250	89,731	79,169
Gain on sale of land	2,248	--	--
Non-recurring charges	37,139	16,458	--
Deduct: Rental income adjustment for straight-lining of rents (2)	(12,604)	(12,596)	(13,684)
Minority interests: partially-owned properties	(5,072)	(79)	--
Funds from operations, after adjustment for straight-lining of rents and non-recurring charges	\$262,071	\$ 244,240	\$ 216,949
Deduct: Distributions to preferred unitholders	(15,441)	(15,476)	(16,313)
Funds from operations, after adjustment for straight-lining of rents and non-recurring charges, after distributions to preferred unitholders	\$246,630	\$ 228,764	\$ 200,636
Cash flows provided by operating activities	\$ 180,529	\$ 243,638	\$ 208,761
Cash flows provided by (used in) investing activities	\$ 6,189	\$(195,178)	\$(749,067)
Cash flows (used in) provided by financing activities	\$(182,210)	\$ (45,598)	\$ 543,411
Basic weighted averages shares/units outstanding (3)	66,392	66,885	63,438
Diluted weighted average shares/units outstanding (3)	73,070	73,769	70,867

(1) Includes the Company’s share from unconsolidated joint ventures of \$2,928, \$3,166 and \$817 for the years ended December 31, 2000, 1999 and 1998.

(2) Includes the Company’s share from unconsolidated joint ventures of \$24, \$158 and \$109 for the years ended December 31, 2000, 1999 and 1998.

(3) See calculations for the amounts presented in the following reconciliation.

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

	Year Ended December 31,		
	2000	1999	1998
Basic weighted average shares:	58,338	58,385	55,840
Add: Weighted average common units	8,054	8,500	7,598
Basic weighted average shares/units:	66,392	66,885	63,438
Add: Weighted average preferred units (after conversion to common units)	6,485	6,636	6,974
Stock options	188	241	411
Restricted Stock Awards	5	7	--
Stock Warrants	--	--	44
<b>Diluted weighted average shares/units:</b>	<b>73,070</b>	<b>73,769</b>	<b>70,867</b>

### ***Inflation***

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

### ***Disruption in Operations Due To Year 2000 Problems***

The Year 2000 issue was the result of computer programs and embedded chips using a two-digit format, as opposed to four digits, to indicate the year. Such computer systems may have been unable to interpret dates beyond the year 1999, which could have caused a system failure or other computer errors, leading to disruptions in operations.

We developed a three-phase Year 2000 project (the "Project") to identify, remedy and test our Year 2000 systems compliance, including, but not limited to, central accounting and operating systems, tenant compliance and property compliance. In addition, we prepared contingency plans in the event of Year 2000 failures associated with critical building support systems and our accounting system.

Our Project was completed on schedule during the fourth quarter of 1999. Approximately \$1.0 million was incurred to modify, upgrade and/or replace non-compliant systems.

We experienced no system failures or computer errors associated with Year 2000 compliance. We have concluded the Project and anticipate no further Year 2000 compliance issues or expenditures.

### ***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. Such forward-looking statements relate to, without limitation, the Company's future economic performance, plans and objectives for future operations and projections of revenue and other financial items. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "expect," "anticipate," "estimate" or "continue" or comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. 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. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. See "Risk Factors" for a discussion of important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to differ materially from those presented in the forward-looking statements.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. In pursuing its business plan, the primary market risk to which the Company is exposed is interest rate risk. Changes in the general level of interest rates prevailing in the financial markets may affect the spread between the Company's yield on invested assets and cost of funds and, in turn, our ability to make distributions or payments to our investors.

Approximately \$1.2 billion of the Company's long-term debt bears interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rate on the variable rate debt as of December 31, 2000 ranged from LIBOR plus 65 basis points to LIBOR plus 80 basis points.

### December 31, 2000

<b>Debt , including current portion</b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>Thereafter</u></b>	<b><u>Total</u></b>	<b><u>Fair Value</u></b>
Fixed Rate	\$7,451	\$3,433	\$195,674	\$312,283	\$254,762	\$473,891	\$1,247,494	\$1,240,139
Average Interest Rate	7.43%	8.20%	7.30%	7.34%	7.13%	7.47%	7.34%	
Variable Rate			\$348,840			\$ 32,178	\$ 381,018	\$ 381,018

While the Company has not experienced any significant credit losses, in the event of a significant rising interest rate environment and/or economic downturn, defaults could increase and result in losses to the Company which adversely affect its operating results and liquidity.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

### **PART III**

#### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The information required by Item 10 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 15, 2001.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by Item 11 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 15, 2001.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The information required by Item 12 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 15, 2001.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required by Item 13 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of shareholders to be held on May 15, 2001.

### **PART IV**

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

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

Consolidated Balance Sheets as of December 31, 2000 and 1999

Consolidated Statements of Operations for the Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2000, 1999 and 1998

Consolidated Statements of Cash Flows for the Years Ended December 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

**(a) 2. Financial Statement Schedules**

Schedule III - Real Estate Investments and Accumulated Depreciation as of December 31, 2000

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

**(a) 3. Exhibits**

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

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Title</u></b>
3.1	Restated Charter of Mack-Cali Realty Corporation dated June 2, 1999, together with Articles Supplementary thereto (filed as Exhibit 3.1 to the Company's Form 8-K dated June 10, 1999 and as Exhibit 4.2 to the Company's Form 8-K dated July 6, 1999 and each incorporated herein by reference).
3.2	Amended and Restated Bylaws of Mack-Cali Realty Corporation dated June 10, 1999 (filed as Exhibit 3.2 to the Company's Form 8-K dated June 10, 1999 and incorporated herein by reference).
3.3	Second Amended and Restated Agreement of Limited Partnership dated December 11, 1997, for Mack-Cali Realty, L.P. (filed as Exhibit 10.110 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.4	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.5	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. (filed as Exhibit 10.2 to the Company's Form 8-K dated July 6, 1999 and incorporated herein by reference).
4.1	Amended and Restated Shareholder Rights Agreement, dated as of March 7, 2000, between Mack-Cali Realty Corporation and EquiServe Trust Company, N.A., as Rights Agent (filed as Exhibit 4.1 to the Company's Form 8-K dated March 7, 2000 and incorporated herein by reference).
4.2	Amendment No. 1 to the Amended and Restated Shareholder Rights Agreement, dated as of June 27, 2000, by and among Mack-Cali Realty Corporation and Equiserve Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Form 8-K dated June 27, 2000).
4.3	Indenture dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, Mack-Cali Realty Corporation, as guarantor, and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Company's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.4	Supplemental Indenture No. 1 dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 16, 1999 and incorporated herein by reference).

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Title</u></b>
4.5	Supplemental Indenture No. 2 dated as of August 2, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
4.6	Supplemental Indenture No. 3 dated as of December 21, 2000, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated December 21, 2000 and incorporated herein by reference).
4.7	Supplemental Indenture No. 4 dated as of January 29, 2001, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 29, 2001 and incorporated herein by reference).
10.1	Amended and Restated Employment Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.2	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.3 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.3	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.4	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
*10.5	Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation.
10.6	Restricted Share Award Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.8 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.7	Restricted Share Award Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.9 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.8	Restricted Share Award Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.12 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.9	Restricted Share Award Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.13 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Title</u></b>
*10.10	Amendment No. 3 to and Restatement of Revolving Credit Agreement dated as of June 22, 2000, by and among Mack-Cali Realty, L.P. and The Chase Manhattan Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with The Chase Manhattan Bank, as administrative agent, Fleet National Bank, as syndication agent, Bank of America, N.A., as documentation agent, Chase Securities Inc. and FleetBoston Robertson Stephens Inc., as arrangers, Bank One, N.A., First Union National Bank and Commerzbank Aktiengesellschaft, as senior managing agents, PNC Bank National Association, as managing agent, and Societe Generale, Dresdner Bank AG, Wells Fargo Bank, National Association, Bank Austria Creditanstalt Corporate Finance, Inc., Bayerische Hypo-und Vereinsbank and Summit Bank, as co-agents.
10.11	Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
10.12	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
10.13	Termination and Release Agreement, dated September 21, 2000, by and among Mack-Cali Realty Corporation, Mack-Cali Realty, L.P., Prentiss Properties Trust and Prentiss Properties Acquisition Partners, L.P. (filed as Exhibit 10.1 to the Company's Form 8-K dated September 21, 2000 and incorporated herein by reference).
10.14	2000 Employee Stock Option Plan (filed as Exhibit B to the Company's Proxy Statement for its Annual Meeting of Stockholders held on September 11, 2000 and incorporated herein by reference).
10.15	2000 Director Stock Option Plan (filed as Exhibit C to the Company's Proxy Statement for its Annual Meeting of Stockholders held on September 11, 2000 and incorporated herein by reference).
*21	Subsidiaries of the Company.
*23	Consent of PricewaterhouseCoopers LLP, independent accountants.

(b) Reports on Form 8-K

During the fourth quarter of 2000, the Company filed a report on Form 8-K dated November 7, 2000, furnishing under Item 9 certain supplemental data regarding its operations.

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\*filed herewith

## REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a)(1) on page 57 present fairly, in all material respects, the financial position of Mack-Cali Realty Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(2) on page 57 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
PricewaterhouseCoopers LLP  
New York, New York  
February 20, 2001

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

ASSETS	December 31,	
	2000	1999
Rental property		
Land and leasehold interests	\$ 561,210	\$ 549,096
Buildings and improvements	3,026,561	3,014,532
Tenant improvements	110,123	85,057
Furniture, fixtures and equipment	6,460	6,160
	3,704,354	3,654,845
Less – accumulated depreciation and amortization	(309,951)	(256,629)
Total rental property	3,394,403	3,398,216
Cash and cash equivalents	13,179	8,671
Investments in unconsolidated joint ventures	101,438	89,134
Unbilled rents receivable	50,499	53,253
Deferred charges and other assets, net	102,655	66,436
Restricted cash	6,557	7,081
Accounts receivable, net of allowance for doubtful accounts of \$552 and \$672	8,246	6,810
Total assets	\$3,676,977	\$3,629,601
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Senior unsecured notes	\$ 798,099	\$ 782,785
Revolving credit facilities	348,840	177,000
Mortgages and loans payable	481,573	530,390
Dividends and distributions payable	43,496	42,499
Accounts payable and accrued expenses	53,608	63,394
Rents received in advance and security deposits	31,146	36,150
Accrued interest payable	17,477	16,626
Total liabilities	1,774,239	1,648,844
<b>Minority interests:</b>		
Operating Partnership	447,523	455,275
Partially-owned properties	1,925	83,600
Total minority interests	449,448	538,875
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock, 5,000,000 shares authorized, none issued	--	--
Common stock, \$0.01 par value, 190,000,000 shares authorized, 56,980,893 and 58,446,552 shares outstanding	570	584
Additional paid-in capital	1,513,037	1,549,888
Dividends in excess of net earnings	(57,149)	(103,902)
Unamortized stock compensation	(3,168)	(4,688)
Total stockholders' equity	1,453,290	1,441,882
Total liabilities and stockholders' equity	\$3,676,977	\$3,629,601

*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)*

<b>REVENUES</b>	Years Ended December 31,		
	2000	1999	1998
Base rents	\$491,193	\$469,853	\$427,528
Escalations and recoveries from tenants	58,488	62,182	51,981
Parking and other	15,325	15,915	10,712
Equity in earnings of unconsolidated joint ventures	8,055	2,593	1,055
Interest income	3,092	941	2,423
<b>Total revenues</b>	<b>576,153</b>	<b>551,484</b>	<b>493,699</b>
<b>EXPENSES</b>			
Real estate taxes	59,400	57,382	48,297
Utilities	42,035	41,580	38,440
Operating services	70,711	69,689	63,711
General and administrative	23,276	25,480	24,828
Depreciation and amortization	92,088	87,209	78,916
Interest expense	105,394	102,960	88,043
Non-recurring charges	37,139	16,458	--
<b>Total expenses</b>	<b>430,043</b>	<b>400,758</b>	<b>342,235</b>
Income before gain on sales of rental property, minority interests and extraordinary item	146,110	150,726	151,464
Gain on sales of rental property	85,353	1,957	--
Income before minority interests and extraordinary item	231,463	152,683	151,464
<b>Minority interests:</b>			
Operating partnership	41,053	32,865	32,513
Partially-owned properties	5,072	79	--
Income before extraordinary item	185,338	119,739	118,951
Extraordinary item – loss on early retirement of debt (net of minority interest's share of \$297 in 1998)	--	--	(2,373)
<b>Net income</b>	<b>\$185,338</b>	<b>\$119,739</b>	<b>\$116,578</b>
<b>Basic earnings per share:</b>			
Income before extraordinary item	\$ 3.18	\$ 2.05	\$ 2.13
Extraordinary item – loss on early retirement of debt	--	--	(0.04)
<b>Net income</b>	<b>\$ 3.18</b>	<b>\$ 2.05</b>	<b>\$ 2.09</b>
<b>Diluted earnings per share:</b>			
Income before extraordinary item	\$ 3.10	\$ 2.04	\$ 2.11
Extraordinary item – loss on early retirement of debt	--	--	(0.04)
<b>Net income</b>	<b>\$ 3.10</b>	<b>\$ 2.04</b>	<b>\$ 2.07</b>
Dividends declared per common share	\$ 2.38	\$ 2.26	\$ 2.10
Basic weighted average shares outstanding	58,338	58,385	55,840
Diluted weighted average shares outstanding	73,070	67,133	63,893

*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)*

	Common Stock		Additional	Dividends in	Unamortized	Total
	Shares	Par Value	Paid-In	Excess of	Stock	Stockholders'
			Capital	Net Earnings	Compensation	Equity
Balance at January 1, 1998	49,856	\$499	\$1,244,883	\$ (87,942)	\$ --	\$1,157,440
Net income	--	--	--	116,578	--	116,578
Dividends	--	--	--	(119,950)	--	(119,950)
Net proceeds from common stock offerings	7,968	80	288,313	--	--	288,393
Redemption of common units for shares of common stock	29	--	1,029	--	--	1,029
Proceeds from stock options exercised	268	3	5,472	--	--	5,475
Repurchase of common stock	(855)	(9)	(25,049)	--	--	(25,058)
Balance at December 31, 1998	57,266	573	1,514,648	(91,314)	--	1,423,907
Net income	--	--	--	119,739	--	119,739
Dividends	--	--	--	(132,327)	--	(132,327)
Redemption of common units for shares of common stock	1,935	19	56,046	--	--	56,065
Proceeds from stock options exercised	48	--	1,049	--	--	1,049
Proceeds from dividend reinvestment and stock purchase plan	1	--	32	--	--	32
Deferred compensation plan for directors	--	--	90	--	--	90
Issuance of Restricted Stock Awards	212	2	5,513	--	(5,515)	--
Amortization of stock compensation	--	--	--	--	827	827
Repurchase of common stock	(1,015)	(10)	(27,490)	--	--	(27,500)
Balance at December 31, 1999	58,447	584	1,549,888	(103,902)	(4,688)	1,441,882
Net income	--	--	--	185,338	--	185,338
Dividends	--	--	--	(138,585)	--	(138,585)
Redemption of common units for shares of common stock	448	5	14,234	--	--	14,239
Proceeds from stock options exercised	117	1	2,499	--	--	2,500
Deferred compensation plan for directors	--	--	111	--	--	111
Amortization of stock compensation	--	--	--	--	1,672	1,672
Adjustment to fair value of restricted stock	--	--	380	--	(283)	97
Cancellation of Restricted Stock Awards	(5)	--	(131)	--	131	--
Repurchase of common stock	(2,026)	(20)	(55,494)	--	--	(55,514)
Stock options charge	--	--	1,550	--	--	1,550
Balance at December 31, 2000	56,981	\$570	\$1,513,037	\$ (57,149)	\$(3,168)	\$1,453,290

*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)*

	Years Ended December 31,		
	2000	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 185,338	\$ 119,739	\$ 116,578
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	92,088	87,209	78,916
Amortization of stock compensation	1,769	827	--
Amortization of deferred financing costs and debt discount	4,257	3,570	1,580
Stock options charge	1,550	--	--
Equity in earnings of unconsolidated joint ventures	(8,055)	(2,593)	(1,055)
Gain on sales of rental property	(85,353)	(1,957)	--
Minority interests	46,125	32,944	32,513
Extraordinary item – loss on early retirement of debt	--	--	2,373
Changes in operating assets and liabilities:			
Increase in unbilled rents receivable	(12,591)	(12,412)	(13,600)
Increase in deferred charges and other assets, net	(31,332)	(28,893)	(17,811)
Increase in accounts receivable, net	(1,436)	(2,882)	(192)
(Decrease) increase in accounts payable and accrued expenses	(9,786)	27,536	2,117
(Decrease) increase in rents received in advance and security deposits	(2,896)	6,170	8,585
Increase (decrease) in accrued interest payable	851	14,380	(1,243)
<b>Net cash provided by operating activities</b>	<b>\$ 180,529</b>	<b>\$ 243,638</b>	<b>\$ 208,761</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to rental property	\$(268,243)	\$(191,507)	\$(692,766)
Issuance of mortgage note receivable	(14,733)	--	(20,000)
Repayment of mortgage note receivable	--	--	20,000
Investments in unconsolidated joint ventures	(17,587)	(40,567)	(58,844)
Distributions from unconsolidated joint ventures	13,338	20,551	1,725
Proceeds from sales of rental property	292,890	17,400	--
Decrease (increase) in restricted cash	524	(1,055)	818
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 6,189</b>	<b>\$(195,178)</b>	<b>\$(749,067)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from senior unsecured notes	\$ 15,000	\$ 782,535	\$ --
Proceeds from revolving credit facilities	708,004	372,248	1,375,758
Proceeds from mortgages and loans payable	--	45,500	150,000
Repayments of revolving credit facilities	(536,164)	(866,848)	(826,258)
Repayments of mortgages and loans payable	(48,817)	(264,431)	(271,807)
Proceeds from minority interest of consolidated partially-owned properties	--	83,600	--
Distributions to minority interest in partially-owned properties	(88,672)	--	--
Repurchase of common stock	(55,514)	(27,500)	(25,058)
Redemption of common units	--	--	(3,163)
Payment of financing costs	(6,394)	(7,048)	(10,110)
Net proceeds from common stock offerings	--	--	288,393
Proceeds from stock options exercised	2,500	1,049	5,475
Proceeds from dividend reinvestment and stock purchase plan	--	32	--
Payment of dividends and distributions	(172,153)	(164,735)	(139,819)
<b>Net cash (used in) provided by financing activities</b>	<b>\$(182,210)</b>	<b>\$ (45,598)</b>	<b>\$ 543,411</b>
Net increase in cash and cash equivalents	\$ 4,508	\$ 2,862	\$ 3,105
Cash and cash equivalents, beginning of period	\$ 8,671	\$ 5,809	\$ 2,704
<b>Cash and cash equivalents, end of period</b>	<b>\$ 13,179</b>	<b>\$ 8,671</b>	<b>\$ 5,809</b>

*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)

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**1. ORGANIZATION AND BASIS OF PRESENTATION**

**ORGANIZATION**

Mack-Cali Realty Corporation, a Maryland corporation, and subsidiaries (the “Company”) is a fully-integrated, self-administered, self-managed real estate investment trust (“REIT”) providing leasing, management, acquisition, development, construction and tenant-related services for its properties. As of December 31, 2000, the Company owned or had interests in 267 properties plus developable land (collectively, the “Properties”). The Properties aggregate approximately 28.2 million square feet, and are comprised of 163 office buildings and 91 office/flex buildings totaling approximately 27.8 million square feet (which includes eight office buildings and four office/flex buildings aggregating 1.5 million square feet, owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two multi-family residential complexes consisting of 451 units, two stand-alone retail properties and three land leases. The Properties are located in 11 states, primarily in the Northeast, plus the District of Columbia.

**BASIS OF PRESENTATION**

The accompanying consolidated financial statements include all accounts of the Company, its majority-owned and/or controlled subsidiaries, which consist principally of Mack-Cali Realty, L.P. (“Operating Partnership”). See Investments in Unconsolidated Joint Ventures in Note 2 for the Company’s treatment of unconsolidated joint venture interests. All significant intercompany accounts and transactions have been eliminated.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Rental  
Property**

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition and development of rental properties are capitalized. Capitalized development costs include interest, property taxes, insurance and other project costs incurred during the period of development. Included in total rental property is construction-in-progress of \$162,497 and \$99,987 as of December 31, 2000 and 1999, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

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

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 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.

When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets which have been identified for sale is less than the net book value of the assets, a valuation allowance is established. See Note 7.

***Investments in  
Unconsolidated  
Joint Ventures***

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence, but does not control these entities. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Any difference between the carrying amount of these investments on the balance sheet of the Company and the underlying equity in net assets is amortized as an adjustment to equity in earnings of unconsolidated joint ventures over 40 years. 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 \$3,943, \$3,320 and \$1,580 for the years ended December 31, 2000, 1999 and 1998, 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 Company provide leasing services to the Properties and receive compensation based on space leased. The portion of such compensation, which is capitalized and amortized, approximated \$3,704, \$3,704 and \$3,509 for the years ended December 31, 2000, 1999 and 1998, respectively.

***Revenue  
Recognition***

Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Parking and other revenue includes income from parking spaces leased to tenants, income from tenants for additional services provided by the Company, income from tenants for early lease terminations and income from managing properties for third parties. Rental income on residential property under operating leases having terms generally of one year or less is recognized when earned.

Reimbursements are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 15.

***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 corporate federal income tax on net income that it currently distributes to its shareholders, provided that the Company, for its taxable years beginning prior to January 1, 2001, satisfies certain organizational and operational requirements including the requirement to distribute at least 95 percent of its REIT taxable income to its shareholders. For its taxable years beginning after December 31, 2000, as a result of recent amendments to the Code, the Company will be required to distribute at least 90 percent of its REIT taxable income to its shareholders. Effective January 1, 2001, the Company may elect to treat one or more of its existing or newly created corporate subsidiaries as a taxable REIT subsidiary ("TRS"). In general, a TRS of the Company may perform additional services for tenants of the Company and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the providing to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. The Company has elected to treat certain of its existing and newly created corporate subsidiaries as a TRS. 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 over the life of the contracts as adjustments to interest expense.

In certain situations, the Company uses forward treasury lock agreements to mitigate the potential effects of changes in interest rates for prospective transactions. Gains and losses are deferred and amortized as adjustments to interest expense over the remaining life of the associated debt to the extent that such debt remains outstanding.

***Earnings  
Per Share***

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

***Dividends and  
Distributions  
Payable***

The dividends and distributions payable at December 31, 2000 represents dividends payable to shareholders of record as of January 4, 2001 (56,982,893 shares), distributions payable to minority interest common unitholders (7,963,725 common units) on that same date and preferred distributions payable to preferred unitholders (220,340 preferred units) for the fourth quarter 2000. The fourth quarter 2000 dividends and common unit distributions of \$0.61 per share and per common unit, as well as the fourth quarter preferred unit distribution of \$17.6046 per preferred unit, were approved by the Board of Directors on December 20, 2000 and paid on January 22, 2001.

The dividends and distributions payable at December 31, 1999 represents dividends payable to shareholders of record as of January 4, 2000 (58,450,552 shares), distributions payable to minority interest common unitholders (8,153,710 common units) on that same date and preferred distributions payable to preferred unitholders (229,304 preferred units) for the fourth quarter 1999. The fourth quarter 1999 dividends and common unit distributions of \$0.58 per share and

per common unit (pro-rated for units issued during the quarter), as well as the fourth quarter preferred unit distribution of \$16.8750 per preferred unit, were approved by the Board of Directors on December 17, 1999 and paid on January 21, 2000.

***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 under the Company's stock option plans for the granting of stock options. The Company provides additional pro forma disclosures as required under Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" ("FASB No. 123"). See Note 16.

***Extraordinary Item***

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

***Non-Recurring Charges***

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

***Reclassifications***

Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

**3. ACQUISITIONS, PROPERTY SALES AND OTHER TRANSACTIONS**

**2000 TRANSACTIONS**

**Operating Property Acquisitions**

The Company acquired the following operating properties during the year ended December 31, 2000:

Acquisition Date	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a)
<b><u>Office</u></b>					
5/23/00	555 & 565 Taxter Road	Elmsford, Westchester County, NY	2	341,108	\$42,980
6/14/00	Four Gatehall Drive	Parsippany, Morris County, NJ	1	248,480	42,381
<b>Total Office Property Acquisitions:</b>			3	589,588	\$85,361
<b><u>Office/Flex</u></b>					
3/24/00	Two Executive Drive (b)	Moorestown, Burlington County, NJ	1	60,800	\$ 4,007
7/14/00	915 North Lenola Road (b)	Moorestown, Burlington County, NJ	1	52,488	2,542
<b>Total Office/Flex Property Acquisition:</b>			2	113,288	\$ 6,549
<b>Total Operating Property Acquisitions:</b>			5	702,876	\$91,910

(a) Transactions were funded primarily from net proceeds received in the sale or sales of rental property.

(b) The properties were acquired through the exercise of a purchase option obtained in the initial acquisition of the McGarvey portfolio in January 1998.

### Properties Placed in Service

The Company placed in service the following properties through the completion of development during the year ended December 31, 2000:

Date Placed in Service	Property Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a)
<b>Office</b>					
9/01/00	Harborside Plaza 4-A (b)	Jersey City, Hudson County, NJ	1	207,670	\$61,459
9/15/00	Liberty Corner Corp. Center	Bernards Township, Somerset County, NJ	1	132,010	17,430
<b>Total Properties Placed in Service:</b>			2	339,680	\$78,889

(a) Transactions were funded primarily through draws on the Company's revolving credit facilities and amounts presented are as of December 31, 2000.

(b) Project includes seven-story, 1,100-car parking garage.

### Land Acquisitions

On January 13, 2000, the Company acquired approximately 12.7 acres of developable land located at the Company's Airport Business Center, Lester, Delaware County, Pennsylvania. The land was acquired for approximately \$2,069.

On August 24, 2000, the Company entered into a joint venture with SJP Properties Company ("SJP Properties") to form MC-SJP Morris V Realty, LLC and MC-SJP Morris VI Realty, LLC, which acquired approximately 47.5 acres of developable land located in Parsippany, Morris County, New Jersey. The land was acquired for approximately \$16,193. The Company accounts for the joint venture on a consolidated basis.

### Property Sales

The Company sold the following properties during the year ended December 31, 2000:

Sale Date	Property Name	Location	# of Bldgs.	Rentable Square Feet	Net Sales Proceeds	Net Book Value	Gain/(Loss)
<b>Land:</b>							
02/25/00	Horizon Center Land	Hamilton Township, Mercer County, NJ	--	39.1 acres	\$ 4,180	\$ 1,932	\$ 2,248
<b>Office:</b>							
04/17/00	95 Christopher Columbus Dr.	Jersey City, Hudson County, NJ	1	621,900	148,222	80,583	67,639
04/20/00	6900 IH-40 West	Amarillo, Potter County, TX	1	71,771	1,467	1,727	(260)
06/09/00	412 Mt. Kemble Avenue	Morris Twp., Morris County, NJ	1	475,100	81,981	75,439	6,542
09/21/00	Cielo Center	Austin, Travis County, TX	1	270,703	45,785	35,749	10,036
11/15/00	210 South 16 <sup>th</sup> Street (a)	Omaha, Douglas County, NE	1	319,535	11,976	12,828	(852)
<b>Totals:</b>			5	1,759,009	\$293,611	\$208,258	\$85,353

(a) In connection with the sale of the Omaha, Nebraska property, the Company provided to the purchaser an \$8,750 mortgage loan bearing interest payable monthly at an annual rate of 9.50 percent. The loan is secured by the Omaha, Nebraska property and will mature on November 14, 2003.

### Other Events

On June 27, 2000, William L. Mack was appointed Chairman of the Board of Directors and John J. Cali was named Chairman Emeritus of the Board of Directors. Brant Cali resigned as Executive Vice President, Chief Operating Officer and Assistant Secretary of the Company and as a member of the Board of Directors, and John R. Cali resigned as Executive Vice President, Development of the Company. John R. Cali was appointed to the Board of Directors of the Company to take the seat previously held by Brant Cali. See Note 14.

On September 21, 2000, the Company and Prentiss Properties Trust, a Maryland REIT ("Prentiss"), mutually agreed to terminate the agreement and plan of merger ("Merger Agreement") dated as of June 27, 2000, among the Company, the Operating Partnership, Prentiss and Prentiss Properties Acquisition Partners, L.P., a Delaware limited partnership of which Prentiss (through a wholly-owned direct subsidiary) is the sole general partner ("Prentiss Partnership"). In connection with such termination, the Company deposited \$25,000 into escrow for the benefit of Prentiss and Prentiss Partnership. This cost and approximately \$2,911 of other costs associated with the termination of the Merger Agreement are included in non-recurring charges for the year ended December 31, 2000. Simultaneous with the termination, the Company sold to Prentiss its 270,703 square-foot Cielo Center property located in Austin, Travis County, Texas. See "2000 Transactions – Property Sales."

## 1999 TRANSACTIONS

### Operating Property Acquisitions

The Company acquired the following operating properties during the year ended December 31, 1999:

Acquisition Date	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a)
<b>Office</b>					
3/05/99	Pacifica Portfolio - Phase III (b)	Colorado Springs, El Paso County, CO	2	94,737	\$ 5,709
7/21/99	1201 Connecticut Avenue, NW	Washington, D.C.	1	169,549	32,799
<b>Total Office Property Acquisitions:</b>			3	264,286	\$38,508
<b>Office/Flex</b>					
12/21/99	McGarvey Portfolio – Phase III (c)	Moorestown, Burlington County, NJ	3	138,600	\$ 8,012
<b>Total Office/Flex Property Acquisition:</b>			3	138,600	\$ 8,012
<b>Total Operating Property Acquisitions:</b>			6	402,886	\$46,520

### Properties Placed In Service

The Company placed in service the following properties through the completion of development or redevelopment during the year ended December 31, 1999:

Date Placed in Service	Property Name	Location	# of Bldgs.	Rentable Square Feet	Investment by Company (a)
<b>Office</b>					
8/09/99	2115 Linwood Avenue	Fort Lee, Bergen County, NJ	1	68,000	\$ 8,147
11/01/99	795 Folsom Street (d)	San Francisco, San Francisco County, CA	1	183,445	37,337
<b>Total Office Properties Placed in Service:</b>			2	251,445	\$45,484
<b>Office/Flex</b>					
3/01/99	One Center Court	Totowa, Passaic County, NJ	1	38,961	\$ 2,140
9/17/99	12 Skyline Drive (e)	Hawthorne, Westchester County, NY	1	46,850	5,023
12/10/99	600 West Avenue (e)	Stamford, Fairfield County, CT	1	66,000	5,429
<b>Total Office/Flex Properties Placed in Service:</b>			3	151,811	\$12,592
<b>Land Lease</b>					
2/01/99	Horizon Center Business Park (f)	Hamilton Township, Mercer County, NJ	N/A	27.7 acres	\$ 1,007
<b>Total Land Lease Transactions:</b>				27.7 acres	\$ 1,007
<b>Total Properties Placed in Service:</b>			5	403,256	\$59,083

- (a) Transactions were funded primarily through draws on the Company's revolving credit facilities.
- (b) William L. Mack, Chairman of the Board of Directors of the Company and an equity holder in the Operating Partnership, was an indirect owner of an interest in certain of the buildings contained in the Pacifica portfolio.
- (c) The properties were acquired through the exercise of a purchase option obtained in the initial acquisition of the McGarvey portfolio in January 1998.
- (d) On June 1, 1999, the building was acquired for redevelopment for approximately \$34,282.
- (e) The Company purchased the land on which this property was constructed, from an entity whose principals include Timothy M. Jones, Martin S. Berger and Robert F. Weinberg, each of whom are affiliated with the Company as the President of the Company, a current member of the Board of Directors and a former member of the Board of Directors of the Company, respectively.
- (f) On February 1, 1999, the Company entered into a ground lease agreement to lease 27.7 acres of developable land located at the Company's Horizon Center Business Park, located in Hamilton Township, Mercer County, New Jersey on which Home Depot constructed a 134,000 square-foot retail store.

### Land Acquisitions

On February 26, 1999, the Company acquired approximately 2.3 acres of vacant land adjacent to one of the Company's operating properties located in San Antonio, Bexar County, Texas for approximately \$1,524, which was made available from the Company's cash reserves.

On March 2, 1999, the Company entered into a joint venture agreement with SJP Vaughn Drive, L.L.C. Under the agreement, the Company has agreed to contribute its vacant land at Three Vaughn Drive, Princeton, Mercer County, New Jersey, subject to satisfaction of certain conditions, for an equity interest in the venture.

On March 15, 1999, the Company entered into a joint venture with SJP 106 Allen Road, L.L.C. to form MC-SJP Pinson Development, LLC, which acquired vacant land located in Bernards Township, Somerset County, New Jersey. The joint venture subsequently completed construction and placed in service a 132,010 square-foot office building on this site (see "2000 Transactions – Properties Placed in Service"). The Company accounts for the joint venture on a consolidated basis.

On August 31, 1999, the Company acquired, from an entity whose principals include Brant Cali, a former executive officer of the Company and a former member of the Board of Directors of the Company, and certain immediate family members of John J. Cali, Chairman Emeritus of the Board of Directors of the Company, approximately 28.1 acres of developable land adjacent to two of the Company's operating properties located in Roseland, Essex County, New Jersey for approximately \$6,097. The acquisition was funded with cash and the issuance of 121,624 common units to the seller. The Company has commenced construction of a 220,000 square-foot office building on the acquired land.

In August 1999, the Company entered into an agreement with SJP Properties which provides a cooperative effort in seeking approvals to develop up to approximately 1.8 million square feet of office development on certain vacant land owned or controlled, respectively, by the Company and SJP Properties, in Hanover and Parsippany, Morris County, New Jersey. The agreement provides that the parties shall share equally in the costs associated with seeking such requisite approvals. Subsequent to obtaining the requisite approvals, upon mutual consent, the Company and SJP Properties may enter into one or more joint ventures to construct on the vacant land, or seek to dispose of their respective vacant land parcels subject to the agreement.

### Property Sales

The Company sold the following properties during the year ended December 31, 1999:

Sale Date	Property Name	Location	# of Bldgs.	Rentable Square Feet	Net Sales Proceeds	Net Book Value	Gain/(Loss)
<b>Office:</b>							
11/15/99	400 Alexander Road	Princeton, Mercer County, NJ	1	70,550	\$ 8,628	\$ 6,573	\$2,055
12/15/99	Beardsley Corporate Center	Phoenix, Maricopa County, AZ	1	119,301	8,772	8,870	(98)
<b>Totals:</b>			2	189,851	\$17,400	\$15,443	\$1,957

## 4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

### PRU-BETA 3 (Nine Campus Drive)

On March 27, 1998, the Company acquired a 50 percent interest in an existing joint venture with The Prudential Insurance Company of America ("Prudential"), known as Pru-Beta 3, which owns and operates Nine Campus Drive, a 156,495 square-foot office building, located in the Mack-Cali Business Campus (formerly Prudential Business Campus) office complex in Parsippany, Morris County, New Jersey. The Company performs management and leasing services for the property owned by the joint venture and recognized \$140, \$149 and \$114 in fees for such services in the years ended December 31, 2000, 1999 and 1998, respectively.

## **HPMC**

On April 23, 1998, the Company entered into a joint venture agreement with HCG Development, L.L.C. and Summit Partners I, L.L.C. to form HPMC Development Partners, L.P. and, on July 21, 1998, entered into a second joint venture, HPMC Development Partners II, L.P. (formerly known as HPMC Lava Ridge Partners, L.P.), with these same parties. HPMC Development Partners, L.P.'s efforts have focused on two development projects, commonly referred to as Continental Grand II and Summit Ridge. HPMC Development Partners II, L.P.'s efforts have focused on three development projects, commonly referred to as Lava Ridge, Peninsula Gateway and Stadium Gateway. Among other things, the partnership agreements provide for a preferred return on the Company's invested capital in each venture, in addition to 50 percent of such venture's profit above the preferred returns, as defined in each agreement.

### **Continental Grand II**

Continental Grand II is a 239,085 square-foot office building located in El Segundo, Los Angeles County, California, which was constructed and placed in service by the venture.

### **Summit Ridge**

Summit Ridge is an office complex of three one-story buildings aggregating 133,841 square feet located in San Diego, San Diego County, California, which was constructed and placed in service by the venture. In January 2001, the venture sold the office complex for approximately \$17,450.

### **Lava Ridge**

Lava Ridge is an office complex of three two-story buildings aggregating 183,200 square feet located in Roseville, Placer County, California, which was constructed and placed in service by the venture.

### **Peninsula Gateway**

Peninsula Gateway is a parcel of land purchased from the city of Daly City, located in San Mateo County, California, upon which the venture has commenced construction of an office building and theater and retail complex aggregating 471,379 square feet.

### **Stadium Gateway**

Stadium Gateway is a 1.5 acre site located in Anaheim, Orange County, California, acquired by the venture upon which it has commenced construction of a six-story 261,554 square-foot office building.

## **G&G MARTCO (Convention Plaza)**

On April 30, 1998, the Company acquired a 49.9 percent interest in an existing joint venture, known as G&G Martco, which owns Convention Plaza, a 305,618 square-foot office building, located in San Francisco, San Francisco County, California. A portion of its initial investment was financed through the issuance of common units, as well as funds drawn from the Company's credit facilities. Subsequently, on June 4, 1999, the Company acquired an additional 0.1 percent interest in G&G Martco through the issuance of common units (see Note 11). The Company performs management and leasing services for the property owned by the joint venture and recognized \$231, \$225 and \$20 in fees for such services in the years ended December 31, 2000, 1999 and 1998, respectively.

## **AMERICAN FINANCIAL EXCHANGE L.L.C.**

On May 20, 1998, the Company entered into a joint venture agreement with Columbia Development Company, L.L.C. to form American Financial Exchange L.L.C. The venture was initially formed to acquire land for future development, located on the Hudson River waterfront in Jersey City, Hudson County, New Jersey, adjacent to the Company's Harborside Financial Center office complex. The Company holds a 50 percent interest in the joint venture. Among other things, the partnership agreement provides for a preferred return on the Company's invested capital in the venture, in addition to the Company's proportionate share of the venture's profit, as defined in the agreement. The joint venture acquired land on which it constructed a parking facility, which is currently leased to a parking operator under a 10-year agreement. Such parking facility serves a ferry service between the Company's Harborside property and Manhattan. In the fourth quarter 2000, the Company started construction of a 575,000 square-foot office building and terminated the parking agreement on certain of the land owned by the venture. The total costs of the project are currently projected to be approximately \$140,000. The project, which is currently 100 percent pre-leased, is anticipated to be completed in third quarter 2002.

**RAMLAND REALTY ASSOCIATES L.L.C. (One Ramland Road)**

On August 20, 1998, the Company entered into a joint venture agreement with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square-foot office/flex building plus adjacent developable land, located in Orangeburg, Rockland County, New York. In August 1999, the joint venture completed redevelopment of the property and placed the office/flex building in service. The Company holds a 50 percent interest in the joint venture. The Company performs management, leasing and other services for the property owned by the joint venture and recognized \$198, \$628 and \$0 in fees for such services in the years ended December 31, 2000, 1999 and 1998, respectively.

**ASHFORD LOOP ASSOCIATES L.P. (1001 South Dairy Ashford/2100 West Loop South)**

On September 18, 1998, the Company entered into a joint venture agreement with Prudential to form Ashford Loop Associates L.P. The venture was formed to own, manage and operate 1001 South Dairy Ashford, a 130,000 square-foot office building acquired on September 18, 1998 and 2100 West Loop South, a 168,000 square-foot office building acquired on November 25, 1998, both located in Houston, Harris County, Texas. The Company holds a 20 percent interest in the joint venture. The joint venture may be required to pay additional consideration due to earn-out provisions in the acquisition contracts. Subsequently, through December 31, 2000, the venture paid \$19,714 (\$3,943 representing the Company's share) in accordance with earn-out provisions in the acquisition contracts. The Company performs management and leasing services for the properties owned by the joint venture and recognized \$172, \$117 and \$30 in fees for such services in the years ended December 31, 2000, 1999 and 1998, respectively.

**ARCAP INVESTORS, L.L.C.**

On March 18, 1999, the Company invested in ARCap Investors, L.L.C., a joint venture with several participants, which was formed to invest in sub-investment grade tranches of commercial mortgage-backed securities ("CMBS"). The Company has invested \$20,000 in the venture. William L. Mack, Chairman of the Board of Directors of the Company and an equity holder in the Operating Partnership, is a principal of the managing member of the venture. At December 31, 2000, the venture held approximately \$575,621 face value of CMBS bonds at an aggregate cost of \$280,982.

**SOUTH PIER AT HARBORSIDE HOTEL DEVELOPMENT**

On November 17, 1999, the Company entered into an agreement with Hyatt Corporation to develop a 350-room hotel on the Company's South Pier at Harborside Financial Center, Jersey City, Hudson County, New Jersey. In July 2000, the joint venture began development of the hotel project.

**NORTH PIER AT HARBORSIDE RESIDENTIAL DEVELOPMENT**

On August 5, 1999, the Company entered into an agreement which, upon satisfaction of certain conditions, provides for the contribution of its North Pier at Harborside Financial Center, Jersey City, Hudson County, New Jersey to a joint venture with Lincoln Property Company Southwest, Inc., in exchange for cash and an equity interest in the venture. The venture intends to develop residential housing on the property.

## SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of December 31, 2000 and 1999:

	December 31, 2000							
	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	Combined Total
<b>Assets:</b>								
Rental property, net	\$20,810	\$ 78,119	\$ 10,589	\$13,309	\$38,497	\$37,777	\$ --	\$199,101
Other assets	2,690	27,082	2,418	11,851	9,729	900	310,342	365,012
Total assets	\$23,500	\$105,201	\$ 13,007	\$25,160	\$48,226	\$38,677	\$310,342	\$564,113
<b>Liabilities and partners'/ members' capital:</b>								
Mortgages and loans payable	\$ --	\$ 63,486	\$ 50,000	\$ --	\$33,966	\$ --	\$129,562	\$277,014
Other liabilities	160	5,035	1,392	9,400	1,785	1,027	3,750	22,549
Partners'/members' capital	23,340	36,680	(38,385)	15,760	12,475	37,650	177,030	264,550
Total liabilities and partners'/members' capital	\$23,500	\$105,201	\$ 13,007	\$25,160	\$48,226	\$38,677	\$310,342	\$564,113
Company's net investment in unconsolidated joint ventures	\$16,110	\$ 35,079	\$ 3,973	\$15,809	\$ 2,782	\$ 7,874	\$ 19,811	\$ 101,438

	December 31, 1999							
	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	Combined Total
<b>Assets:</b>								
Rental property, net	\$21,817	\$72,148	\$ 11,552	\$10,695	\$19,549	\$31,476	\$ --	\$167,237
Other assets	3,319	6,427	2,571	773	5,069	768	239,441	258,368
Total assets	\$25,136	\$78,575	\$ 14,123	\$11,468	\$24,618	\$32,244	\$239,441	\$425,605
<b>Liabilities and partners'/ members' capital:</b>								
Mortgages and loans payable	\$ --	\$41,274	\$ 43,081	\$ --	\$17,300	\$ --	\$108,407	\$210,062
Other liabilities	186	7,254	1,383	2	1,263	3,536	36,109	49,733
Partners'/members' capital	24,950	30,047	(30,341)	11,466	6,055	28,708	94,925	165,810
Total liabilities and partners'/members' capital	\$25,136	\$78,575	\$ 14,123	\$11,468	\$24,618	\$32,244	\$239,441	\$425,605
Company's net investment in unconsolidated joint ventures	\$17,072	\$23,337	\$ 8,352	\$11,571	\$ 2,697	\$ 6,073	\$ 20,032	\$ 89,134

The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the years ended December 31, 2000, 1999 and 1998:

	Year Ended December 31, 2000							
	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	Combined Total
Total revenues	\$ 5,028	\$ 9,254	\$10,695	\$1,009	\$ 3,917	\$ 5,917	\$19,931	\$ 55,751
Operating and other expenses	(1,619)	(2,628)	(3,312)	(155)	(1,030)	(2,773)	(3,060)	(14,577)
Depreciation and amortization	(1,226)	(5,908)	(1,531)	(62)	(975)	(839)	--	(10,541)
Interest expense	--	(4,535)	(4,084)	--	(1,547)	--	(5,045)	(15,211)
Net income (loss)	\$ 2,183	\$(3,817)	\$ 1,768	\$ 792	\$ 365	\$ 2,305	\$11,826	\$ 15,422
Company's equity in earnings of unconsolidated joint ventures	\$ 935	\$ 3,248	\$ 483	\$ 735	\$ 180	\$ 474	\$ 2,000	\$ 8,055

	Year Ended December 31, 1999							
	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	Combined Total
Total revenues	\$ 4,938	\$ 459	\$ 9,011	\$ 917	\$1,426	\$ 4,162	\$ 10,093	\$ 31,006
Operating and other expenses	(1,505)	(104)	(3,238)	(287)	(352)	(2,327)	(3,774)	(11,587)
Depreciation and amortization	(1,234)	(100)	(1,422)	(96)	(439)	(551)	--	(3,842)
Interest expense	--	(119)	(3,116)	--	(45)	--	(2,185)	(5,465)
Net income	\$ 2,199	\$ 136	\$ 1,235	\$ 534	\$ 590	\$ 1,284	\$ 4,134	\$ 10,112
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 827	--	\$ (366)	\$ 541	\$ 298	\$ 233	\$ 1,060	\$ 2,593

	Year Ended December 31, 1998							
	Pru-Beta 3	HPMC	G&G Martco	American Financial Exchange	Ramland Realty	Ashford Loop	ARCap	Combined Total
Total revenues	\$ 3,544	--	\$ 7,320	\$490	--	\$ 603	--	\$11,957
Operating and other expenses	(1,124)	--	(2,955)	(35)	--	(287)	--	(4,401)
Depreciation and amortization	(1,000)	--	(759)	(50)	--	(76)	--	(1,885)
Interest expense	--	--	(3,495)	--	--	--	--	(3,495)
Net income	\$ 1,420	--	\$ 111	\$405	--	\$ 240	--	\$ 2,176
Company's equity in earnings (loss) of unconsolidated joint ventures	\$ 723	--	\$ (182)	\$455	--	\$ 59	--	\$ 1,055

## 5. DEFERRED CHARGES AND OTHER ASSETS

	December 31,	
	2000	1999
Deferred leasing costs	\$ 80,667	\$62,076
Deferred financing costs	23,085	16,690
Accumulated amortization	103,752	78,766
Deferred charges, net	(26,303)	(20,197)
Prepaid expenses and other assets	77,449	58,569
	25,206	7,867
Total deferred charges and other assets, net	\$102,655	\$66,436

## 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:

	December 31,	
	2000	1999
Security deposits	\$6,477	\$6,021
Escrow and other reserve funds	80	1,060
Total restricted cash	\$6,557	\$7,081

## 7. RENTAL PROPERTY HELD FOR SALE

As of December 31, 2000, included in total rental property are 10 office properties that the Company has identified as held for sale. These properties have an aggregate carrying value of \$107,458 and \$107,264 as of December 31, 2000 and 1999, respectively, and are located in San Antonio, Bexar County, Texas or Houston, Harris County, Texas.

As of December 31, 1999, included in total rental property were three office properties that the Company had identified as held for sale. The three office properties have an aggregate carrying value of \$77,783 as of December 31, 1999 and are located in Omaha, Douglas County, Nebraska; Jersey City, Hudson County, New Jersey or Amarillo, Potter County, Texas. The office properties located in Jersey City, Hudson County, New Jersey and Amarillo, Potter County, Texas were sold in April 2000 in two separate transactions and the property located in Omaha, Douglas County, Nebraska was sold in November 2000. See Note 3.

The following is a summary of the condensed results of operations of the rental properties held for sale at December 31, 2000 for the years ended December 31, 2000, 1999 and 1998:

	Years Ended December 31,		
	2000	1999	1998
Total revenues	\$ 26,069	\$ 24,181	\$ 23,856
Operating and other expenses	(13,227)	(12,589)	(11,391)
Depreciation and amortization	(2,380)	(2,732)	(2,397)
Net income	\$ 10,462	\$ 8,860	\$ 10,068

There can be no assurance if and when sales of the Company's rental properties held for sale will occur.

## 8. SENIOR UNSECURED NOTES

On March 16, 1999, the Operating Partnership issued \$600,000 face amount of senior unsecured notes with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately \$593,500 were used to pay down outstanding borrowings under the Unsecured Facility, as defined in Note 9, and to pay off certain mortgage loans. The senior unsecured notes were issued at a discount of approximately \$2,748, which is being amortized over the terms of the respective tranches as an adjustment to interest expense.

On August 2, 1999, the Operating Partnership issued \$185,283 of senior unsecured notes with interest payable monthly in arrears. The proceeds from the issuance were used to retire an equivalent amount of a non-recourse mortgage loan.

On December 21, 2000, the Operating Partnership issued \$15,000 of senior unsecured notes with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions) of approximately \$14,907 were used primarily to pay down outstanding borrowings under the Prudential Facility, as defined in Note 9.

The Operating Partnership's total senior unsecured notes (collectively, "Senior Unsecured Notes") are redeemable at any time at the option of the Company, subject to certain conditions including yield maintenance.

A summary of the terms of the Senior Unsecured Notes outstanding as of December 31, 2000 and 1999 is as follows:

	December 31,		Effective
	2000	1999	Rate (1)
7.180% Senior Unsecured Notes, due December 31, 2003	\$185,283	\$185,283	7.23%
7.000% Senior Unsecured Notes, due March 15, 2004	299,744	299,665	7.27%
7.250% Senior Unsecured Notes, due March 15, 2009	298,072	297,837	7.49%
7.835% Senior Unsecured Notes, due December 15, 2010	15,000	--	7.92%
<b>Total Senior Unsecured Notes</b>	<b>\$798,099</b>	<b>\$782,785</b>	<b>7.35%</b>

(1) Includes the cost of terminated treasury lock agreements (if any), offering and other transaction costs and the discount on the notes, as applicable.

In January 2001, the Operating Partnership issued \$300,000 face amount of 7.75 percent senior unsecured notes due February 15, 2011 with interest payable semi-annually in arrears. The total proceeds from the issuance (net of selling commissions and discount) of approximately \$296,300 were used to pay down outstanding borrowings under the 2000 Unsecured Facility, as defined in Note 9. The senior unsecured notes were issued at a discount of approximately \$1,731, which will be amortized over the term as an adjustment to interest expense.

The terms of the Senior Unsecured Notes include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

## **9. REVOLVING CREDIT FACILITIES**

### **2000 UNSECURED FACILITY**

On June 22, 2000, the Company obtained an unsecured revolving credit facility ("2000 Unsecured Facility") with a current borrowing capacity of \$800,000 from a group of 24 lenders. The interest rate on outstanding borrowings under the credit line is currently the London Inter-Bank Offered Rate ("LIBOR") (6.56 percent at December 31, 2000) plus 80 basis points. The Company may instead elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The 2000 Unsecured Facility also requires a 20 basis point facility fee on the current borrowing capacity payable quarterly in arrears. In the event of a change in the Company's unsecured debt rating, the interest rate and facility fee will be changed on a sliding scale. Subject to certain conditions, the Company has the ability to increase the borrowing capacity of the credit line up to \$1,000,000. The 2000 Unsecured Facility matures in June 2003, with an extension option of one year, which would require a payment of 25 basis points of the then borrowing capacity of the credit line upon exercise.

The terms of the 2000 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 (as defined) for such period, subject to certain other adjustments.

The lending group for the 2000 Unsecured Facility consists of: Chase Manhattan Bank, as administrative agent; Fleet National Bank, as syndication agent; Bank of America, N.A., as documentation agent; Bank One, NA, Commerzbank Aktiengesellschaft and First Union National Bank, as senior managing agents; PNC Bank, N.A., as managing agent; Bank Austria Creditanstalt Corporate Finance, Inc., Bayerische Hypo-und Vereinsbank AG, Dresdner Bank AG, Societe Generale, Summit Bank and Wells Fargo Bank, N.A., as co-agents; and Bayerische Landesbank Girozentrale; Citizens Bank of Massachusetts; European American Bank; Chevy Chase Bank; Citicorp Real Estate, Inc.; DG Bank Deutsche Genossenschaftsbank, AG; Erste Bank; KBC Bank N.V.; SunTrust Bank; Bank Leumi USA and Israel Discount Bank of New York.

In conjunction with obtaining the 2000 Unsecured Facility, the Company drew funds on the new facility to repay in full and terminate the Unsecured Facility, as defined below.

#### **UNSECURED FACILITY**

The Company had an unsecured revolving credit facility (“Unsecured Facility”) with a borrowing capacity of \$1,000,000 from a group of 28 lenders. The interest rate was based on the Company’s achievement of investment grade unsecured debt ratings and, at the Company’s election, bore interest at either 90 basis points over LIBOR or the higher of the lender’s prime rate or the Federal Funds rate plus 50 basis points. In conjunction with obtaining the 2000 Unsecured Facility, the Company repaid in full and terminated the Unsecured Facility on June 22, 2000.

#### **ORIGINAL UNSECURED FACILITY**

The Original Unsecured Facility (“Original Unsecured Facility”) was repaid in full and retired in connection with the Company obtaining the Unsecured Facility in April 1998. On account of prepayment fees, loan origination fees, legal fees, and other costs incurred in the retirement of the Original Unsecured Facility, an extraordinary loss of \$2,203, net of minority interest’s share of the loss (\$275), was recorded for the year ended December 31, 1998.

#### **PRUDENTIAL FACILITY**

The Company has a revolving credit facility (“Prudential Facility”) with Prudential Securities Corp. (“PSC”) in the amount of \$100,000, which currently bears interest at 110 basis points over one-month LIBOR, with a maturity date of June 29, 2001. The Prudential Facility is a recourse liability of the Operating Partnership and is secured by the Company’s equity interest in Harborside Plazas 2 and 3. 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 (as defined) 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 (as defined) 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 has been notified that the Prudential Facility will not be renewed.

#### **SUMMARY**

As of December 31, 2000 and 1999, the Company had outstanding borrowings of \$348,840 and \$177,000, respectively, under its revolving credit facilities (with aggregate borrowing capacity of \$900,000 and \$1,100,000, respectively). The total outstanding borrowings were from the 2000 Unsecured Facility at December 31, 2000 and from the Unsecured Facility at December 31, 1999, with no outstanding borrowings under the Prudential Facility.

## **10. MORTGAGES AND LOANS PAYABLE**

The Company has mortgages and loans payable which are comprised of various loans collateralized by certain of the Company's rental properties. Payments on mortgages and loans payable are generally due in monthly installments of principal and interest, or interest only.

A summary of the Company's mortgages and loans payable as of December 31, 2000 and 1999 is as follows:

<b>Property Name</b>	<b>Lender</b>	<b>Effective Interest Rate</b>	<b>Principal Balance at December 31,</b>		<b>Maturity</b>
			<b>2000</b>	<b>1999</b>	
201 Commerce Drive	Sun Life Assurance Co.	6.240%	\$ --	\$ 1,059	09/01/00
3 & 5 Terri Lane	First Union National Bank	6.220%	--	4,434	10/31/00
101 & 225 Executive Drive	Sun Life Assurance Co.	6.270%	2,198	2,375	06/01/01
Mack-Cali Morris Plains	Corestates Bank	7.510%	2,169	2,235	12/31/01
Mack-Cali Willowbrook	CIGNA	8.670%	9,460	10,250	10/01/03
400 Chestnut Ridge	Prudential Insurance Co.	9.440%	13,588	14,446	07/01/04
Mack-Cali Centre VI	Principal Life Insurance Co.	6.865%	35,000	35,000	04/01/05
Various (a)	Prudential Insurance Co.	7.100%	150,000	150,000	05/15/05
Mack-Cali Bridgewater I	New York Life Ins. Co.	7.000%	23,000	23,000	09/10/05
Mack-Cali Woodbridge II	New York Life Ins. Co.	7.500%	17,500	17,500	09/10/05
Mack-Cali Short Hills	Prudential Insurance Co.	7.740%	25,911	26,604	10/01/05
500 West Putnam Avenue	New York Life Ins. Co.	6.520%	10,069	10,784	10/10/05
Harborside - Plaza 1	U.S. West Pension Trust	5.610%	54,370	51,015	01/01/06
Harborside - Plazas 2 and 3	Northwestern/Principal	7.320%	95,630	98,985	01/01/06
Mack-Cali Airport	Allstate Life Insurance Co.	7.050%	10,500	10,500	04/01/07
Kemble Plaza II	Mitsubishi Tr & Bk Co.	LIBOR+0.65%	--	40,025	01/31/08
Kemble Plaza I	Mitsubishi Tr & Bk Co.	LIBOR+0.65%	32,178	32,178	01/31/09
<b>Total Property Mortgages</b>			<b>\$481,573</b>	<b>\$530,390</b>	

(a) The Company has the option to convert the mortgage loan, which is secured by 11 properties, to unsecured debt.

### **INTEREST RATE CONTRACTS**

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

On October 1, 1998, the Company entered into a forward treasury rate lock agreement with a commercial bank. The agreement locked an interest rate of 4.089 percent per annum for the three-year U.S. Treasury Note effective November 4, 1999, on a notional amount of \$50,000. The agreement was used to fix the Index Rate on \$50,000 of the Harborside-Plaza 1 mortgage, for which the interest rate was re-set to the three-year U.S. Treasury Note (5.82 percent) plus 110 basis points for the three years beginning November 4, 1999 (see "Property Mortgages: Harborside-Plaza 1"). The Company received \$2,208 in settlement of the agreement, which is being amortized to interest expense over the three year-period.

#### **SCHEDULED PRINCIPAL PAYMENTS**

Scheduled principal payments and related weighted average annual interest rates for the Company's Senior Unsecured Notes, revolving credit facilities and mortgages and loans payable as of December 31, 2000 are as follows:

<b>Year</b>	<b>Scheduled Amortization</b>	<b>Principal Maturities</b>	<b>Total</b>	<b>Weighted Avg. Interest Rate of Future Repayments (a)</b>
2001	\$ 3,239	\$ 4,211	\$ 7,450	7.43%
2002	3,433	--	3,433	8.20%
2003	3,581	540,934	544,515	7.44%
2004	2,420	309,863	312,283	7.34%
2005	1,584	253,178	254,762	7.13%
Thereafter	(473)	506,542	506,069	7.38%
<b>Totals/Weighted Average</b>	<b>\$13,784</b>	<b>\$1,614,728</b>	<b>\$1,628,512</b>	<b>7.29%</b>

(a) Assumes weighted average LIBOR at December 31, 2000 of 6.73 percent in calculating revolving credit facility and other variable rate debt interest rates.

#### **CASH PAID FOR INTEREST AND INTEREST CAPITALIZED**

Cash paid for interest for the years ended December 31, 2000, 1999 and 1998 was \$112,157, \$91,883 and \$92,441, respectively. Interest capitalized by the Company for the years ended December 31, 2000, 1999 and 1998 was \$11,524, \$6,840 and \$3,547, respectively.

#### **SUMMARY OF INDEBTEDNESS**

As of December 31, 2000, the Company's total indebtedness of \$1,628,512 (weighted average interest rate of 7.29 percent) was comprised of \$381,018 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 7.53 percent) and fixed rate debt of \$1,247,494 (weighted average rate of 7.25 percent).

As of December 31, 1999, the Company's total indebtedness of \$1,490,175 (weighted average interest rate of 7.27 percent) was comprised of \$249,204 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 7.42 percent) and fixed rate debt of \$1,240,971 (weighted average rate of 7.24 percent).

#### **11. MINORITY INTERESTS**

Minority interests in the accompanying consolidated financial statements relate to (i) preferred units in the Operating Partnership ("Preferred Units"), common units in the Operating Partnership and warrants to purchase common units ("Unit Warrants"), held by parties other than the Company, and (ii) interests in consolidated partially-owned properties for the portion of such properties not owned by the Company.

## **OPERATING PARTNERSHIP**

### **Preferred Units**

At January 1, 1999, the Company had 27,132 Series A Preferred Units and 223,124 Series B Preferred Units outstanding.

The Preferred Units have a stated value of \$1,000 per unit and are preferred as to assets over any class of common units or other class of preferred units of the Company, based on circumstances per the applicable unit certificates. The quarterly distribution on each Preferred Unit is an amount equal to the greater of (i) \$16.875 (representing 6.75 percent of the Preferred Unit stated value of an annualized basis) or (ii) the quarterly distribution attributable to a Preferred Unit determined as if such unit had been converted into common units, subject to adjustment for customary anti-dilution rights. Each of the Preferred Units may be converted at any time into common units at a conversion price of \$34.65 per unit. Common units received pursuant to such conversion may be redeemed for an equal number of shares of common stock.

During the year ended December 31, 1999, 20,952 Series A Preferred Units were converted into 604,675 common units. During the year ended December 31, 2000, 6,180 Series A Preferred Units and 2,784 Series B Preferred Units were converted into 258,702 common units.

As of December 31, 2000, there were 220,340 Series B Preferred Units outstanding (convertible into 6,359,019 common units). There were no Series A Preferred Units outstanding as of December 31, 2000.

### **Common Units**

At January 1, 1999, the Company had 9,086,585 common units outstanding.

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 in the Operating Partnership is reduced and the Company's investment in the Operating Partnership is increased.

During the year ended December 31, 1999, the Company issued an aggregate of 122,062 common units in connection with two separate transactions, valued at approximately \$3,362. During the year ended December 31, 1999, the Company issued 604,675 common units in connection with the conversion of 20,952 Preferred Units. During the year ended December 31, 1999, an aggregate of 1,934,657 common units were redeemed for an equivalent number of shares of common stock in the Company. During the year ended December 31, 1999, the Company also issued 275,046 common units, valued at approximately \$8,141, in connection with the achievement of certain performance goals at the Mack Properties, as defined below, in redemption of an equivalent number of contingent common units.

During the year ended December 31, 2000, the Company issued 258,702 common units in connection with the conversion of 8,964 Preferred Units, and an aggregate of 448,688 common units were redeemed for an equivalent number of shares of common stock in the Company.

As of December 31, 2000, there were 7,963,725 common units outstanding.

### **Contingent Common And Preferred Units**

In connection with the Mack transaction in December 1997, 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 ("Contingent Units"). Redemption of such Contingent Units occurred upon the achievement of certain performance goals relating to certain of the Mack properties ("Mack Properties"), specifically the achievement of certain leasing activity. When Contingent Units were redeemed for common and Preferred Units, an adjustment to the purchase price of certain of the Mack Properties was recorded, based on the value of the units issued.

On account of certain of the performance goals at the Mack Properties having been achieved during the year ended December 31, 1999, the Company redeemed 275,046 contingent common units and issued an equivalent number of common units, as indicated above. There were no Contingent Units outstanding as of December 31, 1999.

### **Unit Warrants**

The Company has 2,000,000 Unit Warrants outstanding which enable the holders to purchase an equal number of common units at \$37.80 per unit. The Unit Warrants are all currently exercisable and expire on December 11, 2002.

### **Minority Interest Ownership**

As of December 31, 2000 and 1999, the minority interest common unitholders owned 12.3 percent (20.1 percent, including the effect of the conversion of Preferred Units into common units) and 12.2 percent (20.2 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).

### **PARTIALLY-OWNED PROPERTIES**

On December 28, 1999, the Company sold an interest in six office properties located in Parsippany, Morris County, New Jersey for \$83,600. Amongst other things, the operating agreements provided for a preferred return to the joint venture members. On June 29, 2000 the Company acquired a 100 percent interest in these properties and the Company paid an additional \$836 to the minority interest member in excess of its investment.

On August 24, 2000, MC-SJP Morris V Realty, LLC and MC-SJP Morris VI Realty, LLC acquired land in which SJP Properties has a minority interest amounting to \$1,925.

The Company controlled these operations and has consolidated the financial position and results of operations of partially-owned properties in the financial statements of the Company. The equity interests of the other members are reflected as minority interests: partially-owned properties in the consolidated financial statements of the Company.

## **12. 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 "401(k) Plan"). The 401(k) Plan allows eligible employees to defer up to 15 percent of their annual compensation, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company, at management's discretion, may match employee contributions and/or make discretionary contributions. Management has approved, for the year ended December 31, 2001, a Company matching contribution to be paid under the 401(k) Plan equal to 50 percent of the first 3.5 percent of annual salary, as defined in the 401(k) Plan, contributed to the plan in 2001. Total expense recognized by the Company for the years ended December 31, 2000, 1999 and 1998 was \$0, \$400 and \$0, respectively.

## **13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable judgement is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments at December 31, 2000 and 1999. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values as of December 31, 2000 and 1999.

The estimated fair value (excluding prepayment penalties) of the Senior Unsecured Notes and mortgages and loans payable as of December 31, 2000 approximated the carrying values of \$798,099 and \$481,573, respectively, and as of December 31, 1999 was approximately \$741,824 and \$511,281, respectively, based upon then current interest rates for debt with similar terms and remaining maturities. Revolving credit facility borrowings as of December 31, 2000 and 1999 approximated the carrying values of \$348,840 and \$177,000, respectively.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2000 and 1999. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since December 31, 2000 and current estimates of fair value may differ significantly from the amounts presented herein.

#### **14. COMMITMENTS AND CONTINGENCIES**

##### **TAX ABATEMENT AGREEMENTS**

###### **Harborside Financial Center**

Pursuant to an agreement with the City of Jersey City, New Jersey, the Company is required to make payments in lieu of property taxes ("PILOT") on its Harborside Plaza 2 and 3 properties. 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 15. Total Project Costs, as defined, are \$145,644. The PILOT totaled \$2,677, \$2,620 and \$2,570 for the years ended December 31, 2000, 1999 and 1998, respectively.

The Company has entered into a similar agreement with the City of Jersey City, New Jersey on its Harborside Plaza 4-A property. Pursuant to the agreement, such PILOT is equal to two percent of Total Project Costs, as defined, which was estimated to be \$45,497. The PILOT, based upon the estimated Total Project Costs, was \$25 for the in-service period of the property during the year ended December 31, 2000.

##### **GROUND LEASE AGREEMENTS**

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Company is the lessee, as of December 31, 2000, are as follows:

<b>Year</b>	<b>Amount</b>
2001	\$ 531
2002	531
2003	531
2004	534
2005	534
Thereafter	21,997
<b>Total</b>	<b>\$24,658</b>

Ground lease expense incurred during the years ended December 31, 2000, 1999 and 1998 amounted to \$570, \$561 and \$419, respectively.

## **OTHER**

On April 19, 1999, the Company announced the following changes in the membership of its Board of Directors and the identities, titles and responsibilities of its executive officers: (i) Thomas A. Rizk resigned from the Board of Directors, the Executive Committee of the Board of Directors, his position as Chief Executive Officer and as an employee of the Company; (ii) Mitchell E. Hersh was appointed Chief Executive Officer of the Company simultaneous with his resignation from his positions as President and Chief Operating Officer of the Company; (iii) Timothy M. Jones was appointed President of the Company simultaneous with his resignation from his positions as Executive Vice President and Chief Investment Officer of the Company; and (iv) Brant Cali was appointed to the Board of Directors of the Company to fill the remainder of Thomas A. Rizk's term as a Class III Director and was appointed Chief Operating Officer of the Company, also remaining as an Executive Vice President and Assistant Secretary of the Company.

Pursuant to the terms of Mr. Rizk's employment agreement entered into with the Company in December 1997 and an agreement entered into simultaneous with his resigning from the Company, Mr. Rizk received payments of approximately \$14,490 in April 1999 and \$500 in April 2000 and will receive \$500 annually over the next two years. All costs associated with Mr. Rizk's resignation are included in non-recurring charges for the year ended December 31, 1999.

On June 27, 2000, both Brant Cali and John R. Cali resigned their positions as officers of the Company and Brant Cali resigned as a director of the Company. John R. Cali was appointed to the Board of Directors of the Company to take the seat previously held by Brant Cali. As required by Brant Cali and John R. Cali's employment agreements with the Company: (i) the Company paid \$2,820 and \$2,806 (less applicable withholding) to Brant Cali and John R. Cali, respectively; (ii) all options to acquire shares of the Company's common stock and Restricted Stock Awards (as hereinafter defined) held by Brant Cali and John R. Cali became fully vested on the effective date of their resignations from the Company. All costs associated with Brant Cali and John R. Cali's resignations, which totaled approximately \$9,228, are included in non-recurring charges for the year ended December 31, 2000.

The Company is a defendant in 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.

## **15. TENANT LEASES**

The Properties are leased to tenants under operating leases with various expiration dates through 2016. Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass through of charges for electrical usage.

Future minimum rentals to be received under non-cancelable operating leases at December 31, 2000, are as follows:

<b>Year</b>	<b>Amount</b>
2001	\$ 475,043
2002	440,153
2003	379,721
2004	326,091
2005	276,779
Thereafter	997,529
<b>Total</b>	<b>\$2,895,316</b>

## **16. STOCKHOLDERS' EQUITY**

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

### **COMMON STOCK REPURCHASES**

On August 6, 1998, the Board of Directors of the Company authorized a share repurchase program ("Repurchase Program") under which the Company was permitted to purchase up to \$100,000 of the Company's outstanding common stock. Purchases could be made from time to time in open market transactions at prevailing prices or through privately negotiated transactions. Under the Repurchase Program, the Company purchased for constructive retirement 1,869,200 shares of its outstanding common stock for an aggregate cost of approximately \$52,562 from August 1998 through December 1999.

On September 13, 2000, the Board of Directors authorized an increase to the Repurchase Program under which the Company is permitted to purchase up to an additional \$150,000 of the Company's outstanding common stock above the \$52,562 that had previously been purchased. The Company purchased for constructive retirement 2,026,300 shares of its outstanding common stock for an aggregate cost of approximately \$55,514 from September 13, 2000 through December 31, 2000.

Subsequent to year end through February 15, 2001, the Company purchased for constructive retirement 72,000 shares of its outstanding common stock for an aggregate cost of approximately \$1,982 under the Repurchase Program.

### **DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN**

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

During the year ended December 31, 1999, 1,082 shares were issued and proceeds of approximately \$32 were received from stock purchases and/or dividend reinvestments under the Plan. The Company did not issue any shares under the Plan during the year ended December 31, 2000.

### **SHAREHOLDER RIGHTS PLAN**

On June 10, 1999, the Board of Directors of the Company authorized a dividend distribution of one preferred share purchase right ("Right") for each outstanding share of common stock which were distributed to all holders of record of the common stock on July 6, 1999. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A junior participating preferred stock, par value \$0.01 per share ("Preferred Shares"), at a price of \$100.00 per one one-thousandth of a Preferred Share ("Purchase Price"), subject to adjustment as provided in the rights agreement. The Rights expire on July 6, 2009, unless the expiration date is extended or the Right is redeemed or exchanged earlier by the Company.

The Rights are attached to each share of common stock. The Rights are generally exercisable only if a person or group becomes the beneficial owner of 15 percent or more of the outstanding common stock or announces a tender offer for 15 percent or more of the outstanding common stock (“Acquiring Person”). In the event that a person or group becomes an Acquiring Person, each holder of a Right will have the right to receive, upon exercise, common stock having a market value equal to two times the Purchase Price of the Right.

On June 27, 2000, the Company amended its shareholder rights plan to prevent the triggering of such plan as a result of the Merger Agreement.

### STOCK OPTION PLANS

In September 2000, the Company established the 2000 Employee Stock Option Plan (“2000 Employee Plan”) and the 2000 Director Stock Option Plan (“2000 Director Plan”) under which a total of 2,700,000 shares (subject to adjustment) of the Company’s common stock have been reserved for issuance (2,500,000 shares under the 2000 Employee Plan and 200,000 shares under the 2000 Director Plan). In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan (“Employee Plan”) and the Mack-Cali Director Stock Option Plan (“Director Plan”) under which a total of 5,380,188 shares (subject to adjustment) of the Company’s common stock have been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). Stock options granted under the Employee Plan in 1994 and 1995 have become exercisable over a three-year period and those options granted under both the 2000 Employee Plan and Employee Plan in 1996, 1997, 1998, 1999 and 2000 become exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan become exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of December 31, 2000 and 1999, the stock options outstanding had a weighted average remaining contractual life of approximately 7.5 and 7.4 years, respectively.

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

	Shares Under Options	Weighted Average Exercise Price
Outstanding at January 1, 1998	3,287,290	\$31.47
Granted	1,048,620	\$35.90
Exercised	(267,660)	\$20.47
Lapsed or canceled	(128,268)	\$36.61
Outstanding at December 31, 1998	3,939,982	\$33.22
Granted	426,400	\$25.23
Exercised	(47,583)	\$22.31
Lapsed or canceled	(591,648)	\$36.92
Outstanding at December 31, 1999	3,727,151	\$31.86
Granted	1,523,900	\$26.75
Exercised	(117,053)	\$21.45
Lapsed or canceled	(500,679)	\$34.64
Outstanding at December 31, 2000	4,633,319	\$30.14
Options exercisable at December 31, 1999	1,724,920	\$29.78
Options exercisable at December 31, 2000	2,049,041	\$31.02
Available for grant at December 31, 1999	662,878	
Available for grant at December 31, 2000	2,344,757	

The weighted average fair value of options granted during 2000, 1999 and 1998 were \$3.40, \$2.74 and \$5.59 per option, respectively. The fair value of each significant option grant is estimated on the date of grant using the Black-Scholes model. The following weighted average assumptions are included in the Company's fair value calculations of stock options:

	2000	1999	1998
Expected life (in years)	6	6	6
Risk-free interest rate	5.67%	6.12%	5.41%
Volatility	22.66%	24.72%	23.37%
Dividend yield	8.82%	9.15%	5.78%

### **FASB No. 123**

Under the above models, the value of stock options granted during 2000, 1999 and 1998 totaled approximately \$5,181, \$1,167 and \$5,281, respectively, which would be amortized ratably on a pro forma basis over the appropriate vesting period. Had the Company determined compensation cost for these granted securities in accordance with FASB No. 123, the Company's pro forma net income, basic earnings per share and diluted earnings per share would have been \$179,131, \$3.07 and \$3.01 in 2000, \$113,854, \$1.95 and \$1.94 in 1999 and \$110,061, \$1.97 and \$1.96 in 1998, respectively.

### **STOCK WARRANTS**

The Company has 360,000 warrants outstanding which enable the holders to purchase an equal number of shares of its common stock ("Stock Warrants") at \$33 per share (the market price at date of grant). Such warrants are all currently exercisable and expire on January 31, 2007.

The Company also has 389,976 Stock Warrants outstanding which enable the holders to purchase an equal number of its shares of common stock at \$38.75 per share (the market price at date of grant). Such warrants vest equally over a five-year period through December 31, 2001 and expire on December 12, 2007.

As of December 31, 2000 and 1999, there were a total of 749,976 and 914,976 Stock Warrants outstanding, respectively. As of December 31, 2000 and 1999, there were 613,985 and 585,989 Stock Warrants exercisable, respectively. For the years ended December 31, 2000 and 1999, 165,000 and no Stock Warrants were canceled, respectively. No Stock Warrants have been exercised through December 31, 2000.

### **STOCK COMPENSATION**

In July 1999, the Company entered into amended and restated employment contracts with six of its then key executive officers which provided for, among other things, compensation in the form of stock awards and associated tax obligation payments. In addition, in December 1999, the Company granted stock awards to certain other officers of the Company. In connection with the stock awards (collectively, "Restricted Stock Awards"), the executive officers and certain other officers are to receive up to a total of 211,593 shares of the Company's common stock vesting over a five-year period contingent upon the Company meeting certain performance and/or stock price appreciation objectives. The Restricted Stock Awards provided to the executive officers and certain other officers were granted under the Employee Plan. Effective January 1, 2000, 31,737 shares of the Company's common stock were issued to the executive officers and certain other officers upon meeting the required objectives. In connection with the resignation of each of Brant Cali and John R. Cali from the Company, all of their respective remaining restricted stock, an aggregate of 38,649 shares, were issued to Brant Cali and John R. Cali upon the accelerated vesting of their remaining Restricted Stock Awards. For the years ended December 31, 2000 and 1999, 5,100 and no unvested Restricted Stock Awards were canceled, respectively.

### **DEFERRED STOCK COMPENSATION PLAN FOR DIRECTORS**

The Deferred Compensation Plan for Directors ("Deferred Compensation Plan"), which commenced January 1, 1999, allows non-employee directors of the Company to elect to defer up to 100 percent of their annual retainer fee into deferred stock units. The deferred stock units are convertible into an equal number of shares of common stock upon the directors' termination of service from the Board of Directors or a change in control of the Company, as defined in the plan. Deferred stock units are credited to each director quarterly using the closing price of the Company's common stock on the applicable dividend record date for the respective quarter. Each participating director's account is also credited for an equivalent amount of deferred stock units based on the dividend rate for each quarter.

During the years ended December 31, 2000 and 1999, 4,227 and 3,319 deferred stock units were earned, respectively.

### EARNINGS PER SHARE

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

The following information presents the Company's results for the years ended December 31, 2000, 1999 and 1998 in accordance with FASB No. 128:

	For the Year Ended December 31,					
	2000		1999		1998	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net income	\$185,338	\$185,338	\$119,739	\$119,739	\$116,578	\$116,578
Add: Net income attributable to Operating Partnership – common units	--	25,612	--	17,389	--	15,903
Net income attributable to Operating Partnership – preferred units	--	15,441	--	--	--	--
Adjusted net income	\$185,338	\$226,391	\$119,739	\$137,128	\$116,578	\$132,481
Weighted average shares	58,338	73,070	58,385	67,133	55,840	63,893
Per Share	\$ 3.18	\$ 3.10	\$ 2.05	\$ 2.04	\$ 2.09	\$ 2.07

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

	Year Ended December 31,		
	2000	1999	1998
Basic EPS Shares:	58,338	58,385	55,840
Add: Operating Partnership – common units	8,054	8,500	7,598
Operating Partnership – preferred units (after conversion to common units)	6,485	--	--
Stock options	188	241	411
Restricted Stock Awards	5	7	--
Stock Warrants	--	--	44
Diluted EPS Shares:	73,070	67,133	63,893

Contingent Units outstanding in 1998 were not included in the 1998 computation of diluted EPS as such units were anti-dilutive during the period. Preferred Units outstanding in 1999 and 1998 were not included in the 1999 and 1998 computations of diluted EPS as such units were anti-dilutive during the periods.

Through December 31, 2000, under the Repurchase Program, the Company purchased for constructive retirement, a total of 3,895,500 shares of its outstanding common stock for an aggregate cost of approximately \$108,076.

## 17. SEGMENT REPORTING

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

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

Selected results of operations for the years ended December 31, 2000, 1999 and 1998 and selected asset information as of December 31, 2000 and 1999 regarding the Company's operating segment are as follows:

	Total Segment	Corporate & Other (e)	Total Company
<b>Total contract revenues (a):</b>			
2000	\$ 557,926	\$ 5,623	\$ 563,549 (f)
1999	534,985	3,903	538,888 (g)
1998	475,096	4,919	480,015 (h)
<b>Total operating and interest expenses (b):</b>			
2000	\$ 174,116	\$ 126,700	\$ 300,816 (i)
1999	168,166	128,925	297,091 (j)
1998	149,791	113,528	263,319 (k)
<b>Net operating income (c):</b>			
2000	\$ 383,810	\$(121,077)	\$ 262,733 (f) (i)
1999	366,819	(125,022)	241,797 (g) (j)
1998	325,305	(108,609)	216,696 (h) (k)
<b>Total assets:</b>			
2000	\$3,623,107	\$ 53,870	\$3,676,977
1999	3,580,782	48,819	3,629,601
<b>Total long-lived assets (d):</b>			
2000	\$3,522,766	\$ 23,574	\$3,546,340
1999	3,515,669	24,934	3,540,603

- (a) Total contract revenues represent all revenues during the period (including the Company's share of net income from unconsolidated joint ventures), excluding adjustments for straight-lining of rents and the Company's share of straight-line rent adjustments from unconsolidated joint ventures. All interest income is excluded from segment amounts and is classified in Corporate and Other for all periods.
- (b) Total operating and interest expenses represent the sum of real estate taxes, utilities, operating services, general and administrative and interest expense. All interest expense (including for property-level mortgages) is excluded from segment amounts and classified in Corporate and Other for all periods.
- (c) Net operating income represents total contract revenues [as defined in Note (a)] less total operating and interest expenses [as defined in Note (b)] for the period.
- (d) Long-lived assets are comprised of total rental property, unbilled rents receivable and investments in unconsolidated joint ventures.
- (e) Corporate & Other represents all corporate-level items (including interest and other investment income, interest expense and non-property general and administrative expense) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.
- (g) Excludes \$12,580 of adjustments for straight-lining of rents and \$24 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (g) Excludes \$12,438 of adjustments for straight-lining of rents and \$158 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (h) Excludes \$13,575 of adjustments for straight-lining of rents and \$109 for the Company's share of straight-line rent adjustments from unconsolidated joint ventures.
- (i) Excludes \$92,088 of depreciation and amortization and non-recurring charges of \$37,139.
- (j) Excludes \$87,209 of depreciation and amortization and non-recurring charges of \$16,458.
- (k) Excludes \$78,916 of depreciation and amortization.

## **18. RELATED PARTY TRANSACTIONS**

The son of a current director of the Company, who was also a former officer of the Company, serves as an officer of a company which provides cleaning and other related services to certain of the Company's properties. The Company has incurred costs from this company of approximately \$3,164, \$2,524 and \$2,296 for the years ended December 31, 2000, 1999 and 1998, respectively. As of December 31, 2000 and 1999, respectively, the Company had accounts payable of approximately \$108 and \$307 to this company.

The Company provides management, leasing and construction services to properties owned by third parties in which certain officers and directors of the Company hold an ownership interest. The Company recognized approximately \$1,921, \$1,960 and \$2,476 in revenues from these properties for the years ended December 31, 2000, 1999 and 1998, respectively. As of December 31, 2000 and 1999, respectively, the Company had total receivables from these properties of approximately \$1,000 and \$96.

The Company purchased land parcels in three separate transactions from affiliates of the Company. The Company also acquired a portfolio of properties from an affiliate of the Company. See Note 3.

## **19. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS**

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("FASB No. 133"). FASB No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. In June 1999, the FASB delayed the implementation date of FASB No. 133 by one year (January 1, 2001 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 has determined 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 financial position at January 1, 2001, nor is it expected to materially impact future results of operations.

## 20. CONDENSED QUARTERLY FINANCIAL INFORMATION (unaudited)

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

<b>Quarter Ended 2000:</b>	December 31	September 30	June 30	March 31
Total revenues	\$143,903	\$143,382	\$145,889	\$142,979
Operating and other expenses	43,561	44,191	41,569	42,825
General and administrative	6,543	5,461	5,159	6,113
Depreciation and amortization	23,641	23,320	22,945	22,182
Interest expense	26,271	25,862	26,835	26,426
Non-recurring charges	--	27,911	9,228	--
Income before gain on sales of rental property, minority interests and extraordinary item	43,887	16,637	40,153	45,433
(Loss) gain on sales of rental property	(852)	10,036	73,921	2,248
Income before minority interests and extraordinary item	43,035	26,673	114,074	47,681
Minority interests	8,632	6,661	19,766	11,066
Income before extraordinary item	34,403	20,012	94,308	36,615
Extraordinary item-loss on early retirement of debt	--	--	--	--
Net income	\$ 34,403	\$ 20,012	\$ 94,308	\$ 36,615
<b>Basic earnings per share:</b>				
Income before extraordinary item	\$ 0.60	\$ 0.34	\$ 1.61	\$ 0.63
Extraordinary item – loss on early retirement of debt	--	--	--	--
Net income	\$ 0.60	\$ 0.34	\$ 1.61	\$ 0.63
<b>Diluted earnings per share:</b>				
Income before extraordinary item	\$ 0.59	\$ 0.34	\$ 1.52	\$ 0.62
Extraordinary item – loss on early retirement of debt	--	--	--	--
Net income	\$ 0.59	\$ 0.34	\$ 1.52	\$ 0.62
Dividends declared per common share	\$ 0.61	\$ 0.61	\$ 0.58	\$ 0.58

<b>Quarter Ended 1999:</b>	December 31	September 30	June 30	March 31
Total revenues	\$140,600	\$139,020	\$136,975	\$134,889
Operating and other expenses	43,716	42,947	41,466	40,522
General and administrative	6,258	5,691	5,568	7,963
Depreciation and amortization	19,808	22,967	22,465	21,969
Interest expense	27,167	26,474	25,697	23,622
Non-recurring charges	--	--	16,458	--
Income before gain on sale of rental property, minority interests and extraordinary item	43,651	40,941	25,321	40,813
Gain on sale of rental property	1,957	--	--	--
Income before minority interests and extraordinary item	45,608	40,941	25,321	40,813
Minority interests	9,139	8,421	6,635	8,749
Income before extraordinary item	36,469	32,520	18,686	32,064
Extraordinary item - loss on early retirement of debt	--	--	--	--
<b>Net income</b>	<b>\$ 36,469</b>	<b>\$ 32,520</b>	<b>\$ 18,686</b>	<b>\$ 32,064</b>
<b>Basic earnings per share:</b>				
Income before extraordinary item	\$ 0.63	\$ 0.55	\$ 0.32	\$ 0.55
Extraordinary item – loss on early retirement of debt	--	--	--	--
<b>Net income</b>	<b>\$ 0.63</b>	<b>\$ 0.55</b>	<b>\$ 0.32</b>	<b>\$ 0.55</b>
<b>Diluted earnings per share:</b>				
Income before extraordinary item	\$ 0.62	\$ 0.55	\$ 0.32	\$ 0.55
Extraordinary item – loss on early retirement of debt	--	--	--	--
<b>Net income</b>	<b>\$ 0.62</b>	<b>\$ 0.55</b>	<b>\$ 0.32</b>	<b>\$ 0.55</b>
Dividends declared per common share	\$ 0.58	\$ 0.58	\$ 0.55	\$ 0.55

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Property Location (2)	Year		Related Encumbrances	Initial Costs		Costs Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period (1)			Accumulated Depreciation
	Built	Acquired		Land	Building and Improvements		Land	Building and Improvements	Total	
<b>ATLANTIC COUNTY, NEW JERSEY</b>										
<b><u>Egg Harbor</u></b>										
100 Decadon Drive (O) .....	1987	1995	\$ --	\$300	\$3,282	\$160	\$300	\$3,442	\$3,742	\$437
200 Decadon Drive (O) .....	1991	1995	--	369	3,241	169	369	3,410	3,779	480
<b>BERGEN COUNTY, NEW JERSEY</b>										
<b><u>Fair Lawn</u></b>										
17-17 Rte 208 North (O) .....	1987	1995	--	3,067	19,415	941	3,067	20,356	23,423	2,980
<b><u>Fort Lee</u></b>										
One Bridge Plaza (O) .....	1981	1996	--	2,439	24,462	1,560	2,439	26,022	28,461	2,862
2115 Linwood Avenue (O) .....	1981	1998	--	474	4,419	4,454	474	8,873	9,347	326
<b><u>Little Ferry</u></b>										
200 Riser Road (O) .....	1974	1997	10,500	3,888	15,551	246	3,888	15,797	19,685	1,197
<b><u>Montvale</u></b>										
95 Chestnut Ridge Road (O) .....	1975	1997	2,135	1,227	4,907	523	1,227	5,430	6,657	376
135 Chestnut Ridge Road (O) .....	1981	1997	--	2,587	10,350	1,740	2,588	12,089	14,677	829
<b><u>Paramus</u></b>										
15 East Midland Avenue (O) .....	1988	1997	24,790	10,375	41,497	70	10,374	41,568	51,942	3,161
461 From Road (O) .....	1988	1997	35,000	13,194	52,778	121	13,194	52,899	66,093	4,021
650 From Road (O) .....	1978	1997	23,316	10,487	41,949	593	10,487	42,542	53,029	3,216
140 Ridgewood Avenue (O) .....	1981	1997	15,392	7,932	31,463	578	7,932	32,041	39,973	2,122
61 South Paramus Avenue (O) .....	1985	1997	15,776	9,005	36,018	4,234	9,005	40,252	49,257	3,153
<b><u>Rochelle Park</u></b>										
120 Passaic Street (O) .....	1972	1997	--	1,354	5,415	99	1,357	5,511	6,868	413
365 West Passaic Street (O) .....	1976	1997	7,468	4,148	16,592	1,615	4,148	18,207	22,355	1,430
<b><u>Saddle River</u></b>										
1 Lake Street (O) .....	1994	1997	35,789	13,952	55,812	7	13,953	55,818	69,771	4,248
<b><u>Upper Saddle River</u></b>										
10 Mountainview Road (O) .....	1986	1998	--	4,240	20,485	375	4,240	20,860	25,100	1,823
<b><u>Woodcliff Lake</u></b>										
400 Chestnut Ridge Road (O) .....	1982	1997	13,588	4,201	16,802	9	4,200	16,812	21,012	1,276
470 Chestnut Ridge Road (O) .....	1987	1997	4,087	2,346	9,385	2	2,346	9,387	11,733	714
530 Chestnut Ridge Road (O) .....	1986	1997	4,032	1,860	7,441	3	1,860	7,444	9,304	566
300 Tice Boulevard (O) .....	1991	1996	--	5,424	29,688	575	5,424	30,263	35,687	3,130
50 Tice Boulevard (O) .....	1984	1994	--	4,500	--	26,644	4,500	26,644	31,144	12,226
<b>BURLINGTON COUNTY, NEW JERSEY</b>										
<b><u>Burlington</u></b>										
3 Terri Lane (F) .....	1991	1998	--	652	3,433	906	658	4,333	4,991	374
5 Terri Lane (F) .....	1992	1998	--	564	3,792	1,662	569	5,449	6,018	451
<b><u>Delran</u></b>										
Tenby Chase Apartments (M) .....	1970	1994	--	396	--	5,584	396	5,584	5,980	3,600
<b><u>Moorestown</u></b>										
2 Commerce Drive (F) .....	1986	1999	--	723	2,893	59	723	2,952	3,675	73
101 Commerce Drive (F) .....	1988	1998	--	422	3,528	253	426	3,777	4,203	385
102 Commerce Drive (F) .....	1987	1999	--	389	1,554	34	389	1,588	1,977	39
201 Commerce Drive (F) .....	1986	1998	--	254	1,694	90	257	1,781	2,038	159
202 Commerce Drive (F) .....	1988	1999	--	490	1,963	21	490	1,984	2,474	49
1 Executive Drive (F) .....	1989	1998	--	226	1,453	205	228	1,656	1,884	162
2 Executive Drive (F) .....	1988	2000	--	801	3,206	73	801	3,279	4,080	61
101 Executive Drive (F) .....	1990	1998	807	241	2,262	208	244	2,467	2,711	214
102 Executive Drive (F) .....	1990	1998	--	353	3,607	252	357	3,855	4,212	351
225 Executive Drive (F) .....	1990	1998	1,391	323	2,477	100	326	2,574	2,900	248
97 Foster Road (F) .....	1982	1998	--	208	1,382	54	211	1,433	1,644	118
1507 Lancer Drive (F) .....	1995	1998	--	119	1,106	44	120	1,149	1,269	94
1510 Lancer Drive (F) .....	1998	1998	--	732	2,928	41	735	2,966	3,701	185

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<u>Property Location (2)</u>	<u>Year</u>		<u>Related Encumbrances</u>	<u>Initial Costs</u>		<u>Costs Capitalized Subsequent to Acquisition</u>	<u>Gross Amount at Which Carried at Close of Period (1)</u>			<u>Accumulated Depreciation</u>
	<u>Built</u>	<u>Acquired</u>		<u>Land</u>	<u>Building and Improvements</u>		<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>	
840 North Lenola Road (F).....	1995	1998	--	329	2,366	50	333	2,412	2,745	215
844 North Lenola Road (F).....	1995	1998	--	239	1,714	38	241	1,750	1,991	156
915 North Lenola Road (F).....	1998	2000	--	508	2,034	2	508	2,036	2,544	25
1256 North Church (F).....	1984	1998	--	354	3,098	250	357	3,345	3,702	324
224 Strawbridge Drive (O).....	1984	1997	--	766	4,335	3,134	767	7,468	8,235	819
228 Strawbridge Drive (O).....	1984	1997	--	766	4,334	2,907	767	7,240	8,007	986
30 Twosome Drive (F).....	1997	1998	--	234	1,954	48	236	2,000	2,236	189
40 Twosome Drive (F).....	1996	1998	--	297	2,393	102	301	2,491	2,792	211
50 Twosome Drive (F).....	1997	1998	--	301	2,330	44	304	2,371	2,675	218
<b><u>West Deptford</u></b>										
1451 Metropolitan Drive (F).....	1996	1998	--	203	1,189	23	206	1,209	1,415	112
<b>ESSEX COUNTY, NEW JERSEY</b>										
<b><u>Millburn</u></b>										
150 J.F. Kennedy Parkway (O).....	1980	1997	25,911	12,606	50,425	1,478	12,606	51,903	64,509	3,851
<b><u>Roseland</u></b>										
101 Eisenhower Parkway (O).....	1980	1994	--	228	--	14,695	228	14,695	14,923	8,430
103 Eisenhower Parkway (O).....	1985	1994	--	--	--	13,254	2,300	10,954	13,254	4,408
<b>HUDSON COUNTY, NEW JERSEY</b>										
<b><u>Jersey City</u></b>										
Harborside Financial Center Plaza 1 (O)	1983	1996	54,370	3,923	51,013	--	3,923	51,013	54,936	5,314
Harborside Financial Center Plaza 2 (O)	1990	1996	47,815	17,655	101,546	2,769	15,238	106,732	121,970	10,911
Harborside Financial Center Plaza 3 (O)	1990	1996	47,815	17,655	101,878	2,046	15,189	106,390	121,579	10,867
Harborside Financial Center Plaza 4A (O)	2000	2000	--	1,244	56,144	--	1,244	56,144	57,388	354
<b>MERCER COUNTY, NEW JERSEY</b>										
<b><u>Hamilton Township</u></b>										
100 Horizon Drive (F).....	1989	1995	--	205	1,676	54	205	1,730	1,935	217
200 Horizon Drive (F).....	1991	1995	--	205	3,027	145	205	3,172	3,377	391
300 Horizon Drive (F).....	1989	1995	--	379	4,355	272	379	4,627	5,006	576
500 Horizon Drive (F).....	1990	1995	--	379	3,395	135	379	3,530	3,909	516
Zero Horizon Drive (L).....		n/a	1999	498	--	1,787	498	1,787	2,285	--
<b><u>Princeton</u></b>										
103 Carnegie Center (O).....	1984	1996	--	2,566	7,868	687	2,566	8,555	11,121	1,212
100 Overlook Center (O).....	1988	1997	--	2,378	21,754	388	2,378	22,142	24,520	1,740
5 Vaughn Drive (O).....	1987	1995	--	657	9,800	449	657	10,249	10,906	1,511
<b>MIDDLESEX COUNTY, NEW JERSEY</b>										
<b><u>East Brunswick</u></b>										
377 Summerhill Road (O).....	1977	1997	--	649	2,594	252	649	2,846	3,495	213
<b><u>Plainsboro</u></b>										
500 College Road East (O).....	1984	1998	--	614	20,626	293	614	20,919	21,533	1,456
<b><u>South Brunswick</u></b>										
3 Independence Way (O).....	1983	1997	--	1,997	11,391	222	1,997	11,613	13,610	995
<b><u>Woodbridge</u></b>										
581 Main Street (O).....	1991	1997	17,500	3,237	12,949	19,613	8,115	27,684	35,799	1,757
<b>MONMOUTH COUNTY, NEW JERSEY</b>										
<b><u>Neptune</u></b>										
3600 Route 66 (O).....	1989	1995	--	1,098	18,146	41	1,098	18,187	19,285	2,356
<b><u>Wall Township</u></b>										
1305 Campus Parkway (O).....	1988	1995	--	335	2,560	80	335	2,640	2,975	386
1325 Campus Parkway (F).....	1988	1995	--	270	2,928	381	270	3,309	3,579	404
1340 Campus Parkway (F).....	1992	1995	--	489	4,621	379	489	5,000	5,489	751
1345 Campus Parkway (F).....	1995	1997	--	1,023	5,703	56	1,024	5,758	6,782	565
1350 Campus Parkway (O).....	1990	1995	--	454	7,134	641	454	7,775	8,229	1,124
1433 Highway 34 (F).....	1985	1995	--	889	4,321	697	889	5,018	5,907	783

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<u>Property Location (2)</u>	<u>Year</u>		<u>Related Encumbrances</u>	<u>Initial Costs</u>		<u>Costs Capitalized Subsequent to Acquisition</u>	<u>Gross Amount at Which Carried at Close of Period (1)</u>			<u>Accumulated Depreciation</u>
	<u>Built</u>	<u>Acquired</u>		<u>Land</u>	<u>Building and Improvements</u>		<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>	
1320 Wyckoff Avenue (F) .....	1986	1995	--	255	1,285	1	255	1,286	1,541	166
1324 Wyckoff Avenue (F) .....	1987	1995	--	230	1,439	196	230	1,635	1,865	267
<b>MORRIS COUNTY, NEW JERSEY</b>										
<b><u>Florham Park</u></b>										
325 Columbia Parkway (O) .....	1987	1994	--	1,564	--	15,995	1,564	15,995	17,559	6,692
<b><u>Morris Plains</u></b>										
250 Johnson Road (O) .....	1977	1997	2,169	2,004	8,016	313	2,004	8,329	10,333	621
201 Littleton Road (O) .....	1979	1997	--	2,407	9,627	170	2,407	9,797	12,204	739
<b><u>Morris Township</u></b>										
340 Mt. Kemble Avenue (O) .....	1985	1997	32,178	13,624	54,496	40	13,624	54,536	68,160	4,150
<b><u>Parsippany</u></b>										
7 Campus Drive (O) .....	1982	1998	--	1,932	27,788	107	1,932	27,895	29,827	2,011
8 Campus Drive (O) .....	1987	1998	--	1,865	35,456	845	1,865	36,301	38,166	2,724
2 Dryden Way (O) .....	1990	1998	--	778	420	13	778	433	1,211	40
4 Gatehall Drive (O) .....	1988	2000	--	8,452	33,929	63	8,452	33,992	42,444	495
2 Hilton Court (O) .....	1991	1998	--	1,971	32,007	138	1,971	32,145	34,116	2,356
600 Parsippany Road (O) .....	1978	1994	--	1,257	5,594	1,053	1,257	6,647	7,904	1,095
1 Sylvan Way (O) .....	1989	1998	--	1,689	24,699	2,224	1,689	26,923	28,612	2,299
5 Sylvan Way (O) .....	1989	1998	--	1,160	25,214	647	1,160	25,861	27,021	1,836
7 Sylvan Way (O) .....	1987	1998	--	2,084	26,083	35	2,084	26,118	28,202	1,922
<b>PASSAIC COUNTY, NEW JERSEY</b>										
<b><u>Clifton</u></b>										
777 Passaic Avenue (O) .....	1983	1994	--	--	--	7,291	1,100	6,191	7,291	2,836
<b><u>Totowa</u></b>										
1 Center Court (F) .....	1999	1999	--	270	1,824	90	270	1,914	2,184	104
2 Center Court (F) .....	1998	1998	--	191	--	2,563	191	2,563	2,754	304
11 Commerce Way (F) .....	1989	1995	--	586	2,986	230	586	3,216	3,802	434
20 Commerce Way (F) .....	1992	1995	--	516	3,108	52	516	3,160	3,676	404
29 Commerce Way (F) .....	1990	1995	--	586	3,092	230	586	3,322	3,908	544
40 Commerce Way (F) .....	1987	1995	--	516	3,260	375	516	3,635	4,151	669
45 Commerce Way (F) .....	1992	1995	--	536	3,379	142	536	3,521	4,057	542
60 Commerce Way (F) .....	1988	1995	--	526	3,257	281	526	3,538	4,064	597
80 Commerce Way (F) .....	1996	1996	--	227	--	1,638	227	1,638	1,865	437
100 Commerce Way (F) .....	1996	1996	--	226	--	1,638	226	1,638	1,864	437
120 Commerce Way (F) .....	1994	1995	--	228	--	1,201	228	1,200	1,428	161
140 Commerce Way (F) .....	1994	1995	--	229	--	1,199	229	1,200	1,429	160
999 Riverview Drive (O) .....	1988	1995	--	476	6,024	590	476	6,614	7,090	894
<b><u>Wayne</u></b>										
201 Willowbrook Boulevard (O) .....	1970	1997	9,460	3,103	12,410	2,954	3,103	15,364	18,467	969
<b>SOMERSET COUNTY, NEW JERSEY</b>										
<b><u>Basking Ridge</u></b>										
106 Allen Road (O) .....	2000	2000	--	3,853	14,465	--	3,853	14,465	18,318	136
222 Mt. Airy Road (O) .....	1986	1996	--	775	3,636	31	775	3,667	4,442	403
233 Mt. Airy Road (O) .....	1987	1996	--	1,034	5,033	16	1,034	5,049	6,083	557
<b><u>Bridgewater</u></b>										
721 Route 202/206 (O) .....	1989	1997	23,000	6,730	26,919	488	6,730	27,407	34,137	2,056

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<u>Property Location (2)</u>	<u>Year</u>		<u>Related Encumbrances</u>	<u>Initial Costs</u>		<u>Costs Capitalized Subsequent to Acquisition</u>	<u>Gross Amount at Which Carried at Close of Period (1)</u>			<u>Accumulated Depreciation</u>
	<u>Built</u>	<u>Acquired</u>		<u>Land</u>	<u>Building and Improvements</u>		<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>	
<b>UNION COUNTY, NEW JERSEY</b>										
<b><u>Clark</u></b>										
100 Walnut Avenue (O) .....	1985	1994	--	--	--	17,795	1,822	15,973	17,795	7,681
<b><u>Cranford</u></b>										
6 Commerce Drive (O).....	1973	1994	--	250	--	2,884	250	2,884	3,134	1,709
11 Commerce Drive (O).....	1981	1994	--	470	--	6,618	470	6,618	7,088	3,417
12 Commerce Drive (O).....	1967	1997	--	887	3,549	422	887	3,971	4,858	275
20 Commerce Drive (O).....	1990	1994	--	2,346	--	22,648	2,346	22,648	24,994	7,237
65 Jackson Drive (O).....	1984	1994	--	541	--	7,124	541	7,124	7,665	3,780
<b><u>New Providence</u></b>										
890 Mountain Road (O).....	1977	1997	--	2,796	11,185	4,257	3,765	14,473	18,238	1,084
<b>DUTCHESS COUNTY, NEW YORK</b>										
<b><u>Fishkill</u></b>										
300 South Lake Drive (O) .....	1987	1997	--	2,258	9,031	143	2,258	9,174	11,432	717
<b>NASSAU COUNTY, NEW YORK</b>										
<b><u>North Hempstead</u></b>										
600 Community Drive (O).....	1983	1997	--	11,018	44,070	246	11,018	44,316	55,334	3,398
111 East Shore Road (O).....	1980	1997	--	2,093	8,370	363	2,093	8,733	10,826	654
<b>ROCKLAND COUNTY, NEW YORK</b>										
<b><u>Suffern</u></b>										
400 Rella Boulevard (O).....	1988	1995	--	1,090	13,412	1,391	1,090	14,803	15,893	2,267
<b>WESTCHESTER COUNTY, NEW YORK</b>										
<b><u>Elmsford</u></b>										
11 Clearbrook Road (F) .....	1974	1997	--	149	2,159	23	149	2,182	2,331	215
75 Clearbrook Road (F).....	1990	1997	--	2,314	4,716	--	2,314	4,716	7,030	462
100 Clearbrook Road (O) .....	1975	1997	--	220	5,366	145	220	5,511	5,731	647
150 Clearbrook Road (F).....	1975	1997	--	497	7,030	88	497	7,118	7,615	720
175 Clearbrook Road (F).....	1973	1997	--	655	7,473	297	655	7,770	8,425	805
200 Clearbrook Road (F).....	1974	1997	--	579	6,620	520	579	7,140	7,719	724
250 Clearbrook Road (F).....	1973	1997	--	867	8,647	525	867	9,172	10,039	896
50 Executive Boulevard (F).....	1969	1997	--	237	2,617	56	237	2,673	2,910	256
77 Executive Boulevard (F).....	1977	1997	--	34	1,104	33	34	1,137	1,171	111
85 Executive Boulevard (F).....	1968	1997	--	155	2,507	36	155	2,543	2,698	252
101 Executive Boulevard (O) .....	1971	1997	--	267	5,838	278	267	6,116	6,383	609
300 Executive Boulevard (F).....	1970	1997	--	460	3,609	--	460	3,609	4,069	353
350 Executive Boulevard (F).....	1970	1997	--	100	1,793	1	100	1,794	1,894	176
399 Executive Boulevard (F).....	1962	1997	--	531	7,191	111	531	7,302	7,833	746
400 Executive Boulevard (F).....	1970	1997	--	2,202	1,846	289	2,202	2,135	4,337	266
500 Executive Boulevard (F).....	1970	1997	--	258	4,183	550	258	4,733	4,991	444
525 Executive Boulevard (F).....	1972	1997	--	345	5,499	126	345	5,625	5,970	556
700 Executive Boulevard (L).....	n/a	1997	--	970	--	--	970	--	970	--
555 Taxter Road (O).....	1986	2000	--	4,285	17,205	280	4,285	17,485	21,770	250
565 Taxter Road (O).....	1988	2000	--	4,285	17,205	319	4,285	17,524	21,809	252
570 Taxter Road (O).....	1972	1997	--	438	6,078	468	438	6,546	6,984	654
1 Warehouse Lane (I) .....	1957	1997	--	3	268	202	2	471	473	36
2 Warehouse Lane (I) .....	1957	1997	--	4	672	47	4	719	723	74
3 Warehouse Lane (I) .....	1957	1997	--	21	1,948	388	21	2,336	2,357	219
4 Warehouse Lane (I) .....	1957	1997	--	84	13,393	216	85	13,608	13,693	1,356
5 Warehouse Lane (I) .....	1957	1997	--	19	4,804	213	19	5,017	5,036	514
6 Warehouse Lane (I) .....	1982	1997	--	10	4,419	38	10	4,457	4,467	434
1 Westchester Plaza (F).....	1967	1997	--	199	2,023	52	199	2,075	2,274	211
2 Westchester Plaza (F).....	1968	1997	--	234	2,726	77	234	2,803	3,037	269
3 Westchester Plaza (F).....	1969	1997	--	655	7,936	71	655	8,007	8,662	785
4 Westchester Plaza (F).....	1969	1997	--	320	3,729	83	320	3,812	4,132	401

**MACK-CALI REALTY CORPORATION**  
**REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION**  
**December 31, 2000**  
*(dollars in thousands)*

**SCHEDULE III**

<u>Property Location (2)</u>	<u>Year</u>		<u>Related Encumbrances</u>	<u>Initial Costs</u>		<u>Costs Capitalized Subsequent to Acquisition</u>	<u>Gross Amount at Which Carried at Close of Period (1)</u>			<u>Accumulated Depreciation</u>
	<u>Built</u>	<u>Acquired</u>		<u>Land</u>	<u>Building and Improvements</u>		<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>	
5 Westchester Plaza (F) .....	1969	1997	--	118	1,949	--	118	1,949	2,067	191
6 Westchester Plaza (F) .....	1968	1997	--	164	1,998	133	164	2,131	2,295	225
7 Westchester Plaza (F) .....	1972	1997	--	286	4,321	24	286	4,345	4,631	434
8 Westchester Plaza (F) .....	1971	1997	--	447	5,262	610	447	5,872	6,319	729
<b>Hawthorne</b>										
30 Saw Mill River Road (O) .....	1982	1997	--	2,355	34,254	4,326	2,355	38,580	40,935	5,214
200 Saw Mill River Road (F) .....	1965	1997	--	353	3,353	156	353	3,509	3,862	362
1 Skyline Drive (O) .....	1980	1997	--	66	1,711	100	66	1,811	1,877	172
2 Skyline Drive (O) .....	1987	1997	--	109	3,128	283	109	3,411	3,520	367
4 Skyline Drive (F) .....	1987	1997	--	363	7,513	450	363	7,963	8,326	1,015
7 Skyline Drive (O) .....	1987	1998	--	330	13,013	101	330	13,114	13,444	761
8 Skyline Drive (F) .....	1985	1997	--	212	4,410	814	212	5,224	5,436	600
10 Skyline Drive (F) .....	1985	1997	--	134	2,799	96	134	2,895	3,029	308
11 Skyline Drive (F) .....	1989	1997	--	--	4,788	340	--	5,128	5,128	526
12 Skyline Drive (F) .....	1999	1999	--	1,562	3,254	1,741	1,562	4,995	6,557	238
15 Skyline Drive (F) .....	1989	1997	--	--	7,449	637	--	8,086	8,086	951
17 Skyline Drive (O) .....	1989	1997	--	--	7,269	128	--	7,397	7,397	720
<b>Tarrytown</b>										
200 White Plains Road (O) .....	1982	1997	--	378	8,367	690	378	9,057	9,435	1,108
220 White Plains Road (O) .....	1984	1997	--	367	8,112	498	367	8,610	8,977	878
230 White Plains Road (R) .....	1984	1997	--	124	1,845	--	124	1,845	1,969	181
<b>White Plains</b>										
1 Barker Avenue (O) .....	1975	1997	--	208	9,629	500	207	10,130	10,337	1,012
3 Barker Avenue (O) .....	1983	1997	--	122	7,864	566	122	8,430	8,552	871
50 Main Street (O) .....	1985	1997	--	564	48,105	3,154	564	51,259	51,823	5,437
11 Martine Avenue (O) .....	1987	1997	--	127	26,833	3,368	127	30,201	30,328	3,045
25 Martine Avenue (M) .....	1987	1997	--	120	11,366	317	120	11,683	11,803	1,136
1 Water Street (O) .....	1979	1997	--	211	5,382	270	211	5,652	5,863	565
<b>Yonkers</b>										
100 Corporate Boulevard (F) .....	1987	1997	--	602	9,910	443	602	10,353	10,955	1,027
200 Corporate Boulevard South (F) .....	1990	1997	--	502	7,575	191	502	7,766	8,268	701
1 Enterprise Boulevard (L) .....	n/a	1997	--	1,379	--	--	1,379	--	1,379	--
1 Executive Boulevard (O) .....	1982	1997	--	1,104	11,904	679	1,105	12,582	13,687	1,382
2 Executive Plaza (R) .....	1986	1997	--	89	2,439	--	89	2,439	2,528	239
3 Executive Plaza (O) .....	1987	1997	--	385	6,256	320	385	6,576	6,961	649
4 Executive Plaza (F) .....	1986	1997	--	584	6,134	334	584	6,468	7,052	706
6 Executive Plaza (F) .....	1987	1997	--	546	7,246	45	546	7,291	7,837	719
1 Odell Plaza (F) .....	1980	1997	--	1,206	6,815	370	1,206	7,185	8,391	713
5 Odell Plaza (F) .....	1983	1997	--	331	2,988	34	331	3,022	3,353	294
7 Odell Plaza (F) .....	1984	1997	--	419	4,418	106	419	4,524	4,943	488
<b>CHESTER COUNTY, PENNSYLVANIA</b>										
<b>Berwyn</b>										
1000 Westlakes Drive (O) .....	1989	1997	--	619	9,016	113	619	9,129	9,748	887
1055 Westlakes Drive (O) .....	1990	1997	--	1,951	19,046	211	1,951	19,257	21,208	1,867
1205 Westlakes Drive (O) .....	1988	1997	--	1,323	20,098	465	1,323	20,563	21,886	2,068
1235 Westlakes Drive (O) .....	1986	1997	--	1,417	21,215	589	1,418	21,803	23,221	2,138
<b>DELAWARE COUNTY, PENNSYLVANIA</b>										
<b>Lester</b>										
100 Stevens Drive (O) .....	1986	1996	--	1,349	10,018	2,544	1,349	12,562	13,911	1,116
200 Stevens Drive (O) .....	1987	1996	--	1,644	20,186	4,260	1,644	24,446	26,090	2,168
300 Stevens Drive (O) .....	1992	1996	--	491	9,490	748	491	10,238	10,729	970
<b>Media</b>										
1400 Providence Rd - Center I (O) .....	1986	1996	--	1,042	9,054	832	1,042	9,886	10,928	1,202
1400 Providence Rd. - Center II(O) .....	1990	1996	--	1,543	16,464	1,029	1,544	17,492	19,036	2,272

**MACK-CALI REALTY CORPORATION**  
**REAL ESTATE INVESTMENTS AND ACCUMULATED DEPRECIATION**  
**December 31, 2000**  
*(dollars in thousands)*

**SCHEDULE III**

<u>Property Location (2)</u>	<u>Year</u>		<u>Related Encumbrances</u>	<u>Initial Costs</u>		<u>Costs Capitalized Subsequent to Acquisition</u>	<u>Gross Amount at Which Carried at Close of Period (1)</u>			<u>Accumulated Depreciation</u>
	<u>Built</u>	<u>Acquired</u>		<u>Land</u>	<u>Building and Improvements</u>		<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>	
<b>MONTGOMERY COUNTY, PENNSYLVANIA</b>										
<b><u>Lower Providence</u></b>										
1000 Madison Avenue (O) .....	1990	1997	--	1,713	12,559	172	1,714	12,730	14,444	1,065
<b><u>Plymouth Meeting</u></b>										
1150 Plymouth Meeting Mall (O) .....	1970	1997	--	125	499	20,757	125	21,256	21,381	1,471
Five Sentry Parkway East (O) .....	1984	1996	--	642	7,992	475	642	8,467	9,109	873
Five Sentry Parkway West (O) .....	1984	1996	--	268	3,334	53	268	3,387	3,655	354
<b>FAIRFIELD COUNTY, CONNECTICUT</b>										
<b><u>Greenwich</u></b>										
500 West Putnam Avenue (O) .....	1973	1998	10,069	3,300	16,734	936	3,300	17,670	20,970	1,403
<b><u>Norwalk</u></b>										
40 Richards Avenue (O) .....	1985	1998	--	1,087	18,399	1,538	1,087	19,937	21,024	1,204
<b><u>Shelton</u></b>										
1000 Bridgeport Avenue (O) .....	1986	1997	--	773	14,934	337	744	15,300	16,044	1,379
<b><u>Stamford</u></b>										
419 West Avenue (F) .....	1986	1997	--	4,538	9,246	49	4,538	9,295	13,833	921
500 West Avenue (F) .....	1988	1997	--	415	1,679	180	415	1,859	2,274	196
550 West Avenue (F) .....	1990	1997	--	1,975	3,856	322	1,975	4,178	6,153	542
600 West Avenue (F) .....	1999	1999	--	2,305	2,863	795	2,305	3,658	5,963	92
650 West Avenue (F) .....	1998	1998	--	1,328	--	3,891	1,328	3,891	5,219	393
<b>WASHINGTON, D.C.</b>										
1201 Connecticut Avenue, NW (O)....	1940	1999	--	14,228	18,571	773	14,228	19,344	33,572	658
1400 L Street, NW (O) .....	1987	1998	--	13,054	27,423	724	13,054	28,147	41,201	1,878
1709 New York Avenue, NW (O) .....	1972	1998	--	19,898	29,686	2,829	19,898	32,515	52,413	2,067
<b>PRINCE GEORGE'S COUNTY, MARYLAND</b>										
<b><u>Lanham</u></b>										
4200 Parliament Place (O) .....	1989	1998	--	2,114	13,546	467	1,393	14,734	16,127	913
<b>BEXAR COUNTY, TEXAS</b>										
<b><u>San Antonio</u></b>										
200 Concord Plaza Drive (O) .....	1986	1997	--	2,387	31,825	844	2,393	32,663	35,056	2,284
84 N.E. Loop 410 (O) .....	1971	1997	--	2,295	10,382	505	2,295	10,887	13,182	750
1777 N.E. Loop 410 (O) .....	1986	1997	--	3,119	12,477	1,101	3,119	13,578	16,697	1,030
111 Soledad (O) .....	1918	1997	--	2,004	8,017	593	2,004	8,610	10,614	633
<b>COLLIN COUNTY, TEXAS</b>										
<b><u>Plano</u></b>										
555 Republic Place (O) .....	1986	1997	--	942	3,767	197	942	3,964	4,906	339
<b>DALLAS COUNTY, TEXAS</b>										
<b><u>Dallas</u></b>										
3030 LBJ Freeway (O) .....	1984	1997	--	6,098	24,366	1,353	6,098	25,719	31,817	2,228
3100 Monticello (O) .....	1984	1997	--	1,940	7,762	4,816	2,511	12,007	14,518	899
8214 Westchester (O) .....	1983	1997	--	1,705	6,819	350	1,705	7,169	8,874	558
<b><u>Irving</u></b>										
2300 Valley View (O) .....	1985	1997	--	1,913	7,651	745	1,913	8,396	10,309	694
<b><u>Richardson</u></b>										
1122 Alma Road (O) .....	1977	1997	--	754	3,015	169	754	3,184	3,938	242
<b>HARRIS COUNTY, TEXAS</b>										
<b><u>Houston</u></b>										
10497 Town & Country Way (O) .....	1981	1997	--	1,619	6,476	918	1,619	7,394	9,013	549

**MACK-CALI REALTY CORPORATION**  
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**SCHEDULE III**

<u>Property Location (2)</u>	<u>Year</u>		<u>Related Encumbrances</u>	<u>Initial Costs</u>		<u>Costs Capitalized Subsequent to Acquisition</u>	<u>Gross Amount at Which Carried at Close of Period (1)</u>			<u>Accumulated Depreciation</u>
	<u>Built</u>	<u>Acquired</u>		<u>Land</u>	<u>Building and Improvements</u>		<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>	
14511 Falling Creek (O).....	1982	1997	--	434	1,738	341	434	2,079	2,513	153
5225 Katy Freeway (O).....	1983	1997	--	1,403	5,610	831	1,403	6,441	7,844	524
5300 Memorial (O).....	1982	1997	--	1,283	7,269	279	1,710	7,121	8,831	494
1717 St. James Place (O).....	1975	1997	--	909	3,636	346	909	3,982	4,891	319
1770 St. James Place (O).....	1973	1997	--	730	2,920	412	730	3,332	4,062	276
<b>TARRANT COUNTY, TEXAS</b>										
<b><u>Eules</u></b>										
150 West Park Way (O).....	1984	1997	--	852	3,410	139	852	3,549	4,401	299
<b>MARICOPA COUNTY, ARIZONA</b>										
<b><u>Glendale</u></b>										
5551 West Talavi Boulevard (O).....	1991	1997	6,717	2,732	10,927	5,744	3,593	15,810	19,403	1,127
<b><u>Phoenix</u></b>										
19640 North 31st Street (O).....	1990	1997	7,112	3,437	13,747	4	3,437	13,751	17,188	1,047
<b><u>Scottsdale</u></b>										
9060 E. Via Linda Boulevard (O).....	1984	1997	--	3,720	14,879	--	3,720	14,879	18,599	1,132
<b>ARAPAHOE COUNTY, COLORADO</b>										
<b><u>Aurora</u></b>										
750 South Richfield Street (O).....	1997	1998	--	2,680	23,125	27	2,682	23,150	25,832	1,601
<b><u>Denver</u></b>										
400 South Colorado Boulevard (O).....	1983	1998	--	1,461	10,620	480	1,461	11,100	12,561	764
<b><u>Englewood</u></b>										
9359 East Nichols Avenue (O).....	1997	1998	--	1,155	8,171	(444)	1,155	7,727	8,882	551
5350 South Roslyn Street (O).....	1982	1998	--	862	6,831	193	862	7,024	7,886	532
<b>BOULDER COUNTY, COLORADO</b>										
<b><u>Broomfield</u></b>										
105 South Technology Court (O).....	1997	1998	--	653	4,936	14	653	4,950	5,603	349
303 South Technology Court-A (O)....	1997	1998	--	623	3,892	5	623	3,896	4,520	293
303 South Technology Court-B (O)....	1997	1998	--	623	3,892	4	623	3,897	4,519	293
<b><u>Louisville</u></b>										
1172 Century Drive (O).....	1996	1998	--	707	4,647	101	707	4,748	5,455	356
248 Centennial Parkway (O).....	1996	1998	--	708	4,647	102	708	4,749	5,457	355
285 Century Place (O).....	1997	1998	--	889	10,133	23	891	10,154	11,045	684
<b>DENVER COUNTY, COLORADO</b>										
<b><u>Denver</u></b>										
3600 South Yosemite (O).....	1974	1998	--	556	12,980	28	556	13,008	13,564	876
<b>DOUGLAS COUNTY, COLORADO</b>										
<b><u>Englewood</u></b>										
67 Inverness Drive East (O).....	1996	1998	--	1,034	5,516	18	1,035	5,533	6,568	415
384 Inverness Drive South (O).....	1985	1998	--	703	5,653	162	703	5,815	6,518	428
400 Inverness Drive (O).....	1997	1998	--	1,584	19,878	(896)	1,584	18,982	20,566	1,323
5975 South Quebec Street (O).....	1996	1998	--	855	11,551	146	857	11,695	12,552	856
<b><u>Parker</u></b>										
9777 Pyramid Court (O).....	1995	1998	--	1,304	13,189	26	1,306	13,213	14,519	980

**MACK-CALI REALTY CORPORATION**  
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<u>Property Location (2)</u>	<u>Year</u>		<u>Related Encumbrances</u>	<u>Initial Costs</u>		<u>Costs Capitalized Subsequent to Acquisition</u>	<u>Gross Amount at Which Carried at Close of Period (1)</u>			<u>Accumulated Depreciation</u>	
	<u>Built</u>	<u>Acquired</u>		<u>Land</u>	<u>Building and Improvements</u>		<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>		
<b>EL PASO COUNTY, COLORADO</b>											
<b><u>Colorado Springs</u></b>											
8415 Explorer (O) .....	1998	1999	--	347	2,507	3,015	348	5,521	5,869	194	
1975 Research Parkway (O) .....	1997	1998	--	1,397	13,221	2,887	1,611	15,894	17,505	1,047	
2375 Telstar Drive (O) .....	1998	1999	--	348	2,507	3,014	348	5,521	5,869	194	
<b>JEFFERSON COUNTY, COLORADO</b>											
<b><u>Lakewood</u></b>											
141 Union Boulevard (O) .....	1985	1998	--	774	6,891	558	775	7,448	8,223	590	
<b>SAN FRANCISCO COUNTY, CALIFORNIA</b>											
<b><u>San Francisco</u></b>											
795 Folsom Street (O) .....	1977	1999	--	9,348	24,934	5,692	9,348	30,626	39,974	1,528	
760 Market Street (O) .....	1908	1997	--	5,588	22,352	38,717	13,499	53,158	66,657	3,654	
<b>HILLSBOROUGH COUNTY, FLORIDA</b>											
<b><u>Tampa</u></b>											
501 Kennedy Boulevard (O) .....	1982	1997	--	3,959	15,837	1,516	3,959	17,353	21,312	1,312	
<b>POLK COUNTY, IOWA</b>											
<b><u>West Des Moines</u></b>											
2600 Westown Parkway (O) .....	1988	1997	--	1,708	6,833	236	1,708	7,069	8,777	604	
<b>Projects Under Development</b> .....			--	73,637	--	83,475	73,637	83,475	157,112	--	
<b>Furniture, Fixtures &amp; Equipment</b> ...			--	--	--	6,460	--	6,460	6,460	2,673	
<b>TOTALS</b>				\$478,187	\$545,706	\$2,692,501	\$466,147	\$561,210	\$3,143,144	\$3,704,354	\$309,951

(1) The aggregate cost for federal income tax purposes at December 31, 2000 was approximately \$2.78 billion.

(2) Legend of Property Codes:

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

**MACK-CALI REALTY CORPORATION**  
**NOTE TO SCHEDULE III**

Changes in rental properties and accumulated depreciation for the periods ended December 31, 2000, 1999 and 1998 are as follows:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b><u>Rental Properties</u></b>			
Balance at beginning of year	\$3,654,845	\$3,467,799	\$2,629,616
Additions	268,900	204,565	838,183
Retirements/Disposals	<u>(219,391)</u>	<u>(17,519)</u>	<u>--</u>
Balance at end of year	<u>\$3,704,354</u>	<u>\$3,654,845</u>	<u>\$3,467,799</u>
 <b><u>Accumulated Depreciation</u></b>			
Balance at beginning of year	\$ 256,629	\$ 177,934	\$ 103,133
Depreciation expense	82,574	81,730	74,801
Retirements/Disposals	<u>(29,252)</u>	<u>(3,035)</u>	<u>--</u>
Balance at end of year	<u>\$ 309,951</u>	<u>\$ 256,629</u>	<u>\$ 177,934</u>

**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: February 22, 2001

By: /s/ BARRY LEFKOWITZ  
Barry Lefkowitz  
Executive Vice President &  
Chief Financial Officer

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

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/S/ WILLIAM L. MACK</u> William L. Mack	Chairman of the Board	February 22, 2001
<u>/S/ MITCHELL E. HERSH</u> Mitchell E. Hersh	Chief Executive Officer and Director	February 22, 2001
<u>/S/ BARRY LEFKOWITZ</u> Barry Lefkowitz	Executive Vice President and Chief Financial Officer	February 22, 2001
<u>/S/ JOHN J. CALI</u> John J. Cali	Director	February 22, 2001
<u>/S/ MARTIN S. BERGER</u> Martin S. Berger	Director	February 22, 2001
<u>/S/ BRENDAN T. BYRNE</u> Brendan T. Byrne	Director	February 22, 2001
<u>/S/ JOHN R. CALI</u> John R. Cali	Director	February 22, 2001
<u>/S/ NATHAN GANTCHER</u> Nathan Gantcher	Director	February 22, 2001

<u>Name</u>	<u>Title</u>	<u>Date</u>
<hr/> /S/ MARTIN D. GRUSS Martin D. Gruss	Director	February 22, 2001
<hr/> /S/ EARLE I. MACK Earle I. Mack	Director	February 22, 2001
<hr/> /S/ ALAN G. PHILIBOSIAN Alan G. Philibosian	Director	February 22, 2001
<hr/> /S/ IRVIN D. REID Irvin D. Reid	Director	February 22, 2001
<hr/> /S/ VINCENT TESE Vincent Tese	Director	February 22, 2001
<hr/> /S/ ROY J. ZUCKERBERG Roy J. Zuckerberg	Director	February 22, 2001

## MACK-CALI REALTY CORPORATION

### EXHIBIT INDEX

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Title</u></b>
3.1	Restated Charter of Mack-Cali Realty Corporation dated June 2, 1999, together with Articles Supplementary thereto (filed as Exhibit 3.1 to the Company's Form 8-K dated June 10, 1999 and as Exhibit 4.2 to the Company's Form 8-K dated July 6, 1999 and each incorporated herein by reference).
3.2	Amended and Restated Bylaws of Mack-Cali Realty Corporation dated June 10, 1999 (filed as Exhibit 3.2 to the Company's Form 8-K dated June 10, 1999 and incorporated herein by reference).
3.3	Second Amended and Restated Agreement of Limited Partnership dated December 11, 1997, for Mack-Cali Realty, L.P. (filed as Exhibit 10.110 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.4	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.5	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. (filed as Exhibit 10.2 to the Company's Form 8-K dated July 6, 1999 and incorporated herein by reference).
4.1	Amended and Restated Shareholder Rights Agreement, dated as of March 7, 2000, between Mack-Cali Realty Corporation and EquiServe Trust Company, N.A., as Rights Agent (filed as Exhibit 4.1 to the Company's Form 8-K dated March 7, 2000 and incorporated herein by reference).
4.2	Amendment No. 1 to the Amended and Restated Shareholder Rights Agreement, dated as of June 27, 2000, by and among Mack-Cali Realty Corporation and Equiserve Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Form 8-K dated June 27, 2000).
4.3	Indenture dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, Mack-Cali Realty Corporation, as guarantor, and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Company's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.4	Supplemental Indenture No. 1 dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 16, 1999 and incorporated herein by reference).

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Title</u></b>
4.5	Supplemental Indenture No. 2 dated as of August 2, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
4.6	Supplemental Indenture No. 3 dated as of December 21, 2000, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated December 21, 2000 and incorporated herein by reference).
4.7	Supplemental Indenture No. 4 dated as of January 29, 2001, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 29, 2001 and incorporated herein by reference).
10.1	Amended and Restated Employment Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.2	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.3 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.3	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.4	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
*10.5	Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation.
10.6	Restricted Share Award Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.8 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.7	Restricted Share Award Agreement dated as of July 1, 1999 between Timothy M. Jones and Mack-Cali Realty Corporation (filed as Exhibit 10.9 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.8	Restricted Share Award Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.12 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.9	Restricted Share Award Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.13 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Title</u></b>
*10.10	Amendment No. 3 to and Restatement of Revolving Credit Agreement dated as of June 22, 2000, by and among Mack-Cali Realty, L.P. and The Chase Manhattan Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with The Chase Manhattan Bank, as administrative agent, Fleet National Bank, as syndication agent, Bank of America, N.A., as documentation agent, Chase Securities Inc. and FleetBoston Robertson Stephens Inc., as arrangers, Bank One, N.A., First Union National Bank and Commerzbank Aktiengesellschaft, as senior managing agents, PNC Bank National Association, as managing agent, and Societe Generale, Dresdner Bank AG, Wells Fargo Bank, National Association, Bank Austria Creditanstalt Corporate Finance, Inc., Bayerische Hypo-und Vereinsbank and Summit Bank, as co-agents.
10.11	Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
10.12	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
10.13	Termination and Release Agreement, dated September 21, 2000, by and among Mack-Cali Realty Corporation, Mack-Cali Realty, L.P., Prentiss Properties Trust and Prentiss Properties Acquisition Partners, L.P. (filed as Exhibit 10.1 to the Company's Form 8-K dated September 21, 2000 and incorporated herein by reference).
10.14	2000 Employee Stock Option Plan (filed as Exhibit B to the Company's Proxy Statement for its Annual Meeting of Stockholders held on September 11, 2000 and incorporated herein by reference).
10.15	2000 Director Stock Option Plan (filed as Exhibit C to the Company's Proxy Statement for its Annual Meeting of Stockholders held on September 11, 2000 and incorporated herein by reference).
*21	Subsidiaries of the Company.
*23	Consent of PricewaterhouseCoopers LLP, independent accountants.

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\*filed herewith