

To Our Shareholders

As we reflect on the events of 2008 and contemplate the challenges and uncertainties ahead of us, we at Mack-Cali are fortunate to have a strong foundation—built through many years of conservative and disciplined management—that can help us weather the economic storm.

Mitchell E. Hersh,
*President and
Chief Executive Officer*



No one can predict how much worse the current economic downturn will become, how long it will last or how it will continue to affect employment and the financial markets. What we do know is that our company has a track record of stability, a deep understanding of real estate fundamentals, extensive experience in both up and down cycles, a solid position in its sector and markets and a long-range strategy.

Our achievements in 2008 and early 2009 suggest that our values and approach to our business will serve us well. Our port-

folio-wide occupancy rate at year end was over 91 percent. Our balance sheet is solid. And our access to capital remains strong.

Continuing Progress in Leasing

Despite a worsening economic environment throughout 2008, our ability to close significant leasing transactions underscored the unwavering appeal of our properties, our deep presence in our core markets and our reputation as a tenant-focused owner/manager.

Throughout the year, ongoing interest was high across our portfolio. We continued to outperform most of the markets in which we operate, with occupancy rates exceeding market averages in northern and central New Jersey; Westchester County, New York; and Washington, D.C.

Diverse global tenants, including by way of example, inter-dealer broker Tullett Prebon Holdings Corp., a division of Tullett Prebon plc, (100,759 square feet at 101 Hudson Street in Jersey City, New Jersey), and security company Lockheed Martin Corporation (51,890 square feet at 232 Strawbridge Drive, Moorestown Corporate Center, in Moorestown, New Jersey), extended and/or expanded their leases.



Quality Portfolio



412 Mt. Kemble Avenue



With impressive finishes, striking architectural designs and unparalleled property management, Mack-Cali's

properties are the most premier in their markets. The Company's financial strength and stability ensure continued capital improvement programs to maintain and improve these valuable properties to best serve tenants.

412 Mt. Kemble Avenue, in Morris Township, NJ, for instance, underwent an extensive multi-tenant renovation that included new main entrances, a 105-seat cafeteria, "grab-and-go" food kiosks and a fitness center. The 475,100-square-

foot property is one of Morris County's leading business destinations and home to companies such as The Louis Berger Group, United States Fire Insurance Company and Walgreens Specialty Pharmacy.

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In suburban Philadelphia, health care plan providers Keystone Mercy and Ameri-Health Mercy extended leases for two entire buildings, totaling more than 300,000 square feet at the Airport Business Center in Lester. In New Jersey, new tenant DMJM Harris Inc., a leader in the transportation and infrastructure industry, signed a 10-year lease for 59,652 square feet, consolidating its operations at 30 Knightsbridge Road in Piscataway, and Aetna Life Insurance signed a new seven-year lease for 41,766 square feet at 3 Independence Way in Princeton.

1055 Westlakes Drive,
Westlakes Office Park,
Berwyn, Pennsylvania



During the year, transactions at Harborside Financial Center on the Jersey City waterfront brought occupancy at the five-building, 3.1 million-square-foot complex to 99.6 percent. Arch Insurance Group leased

106,815 square feet at Harborside Plaza 3. Later in the year, Forest Research Institute, Inc. took 35,587 square feet at Harborside Plaza 5, expanding its presence in the building to over 215,000 square feet.

As these successes in leasing demonstrate, Mack-Cali has many advantages that help us attract and retain tenants. Our size, coupled with our well-located class A properties, campus-type environments and world-class building management, gives us the flexibility to meet tenants' needs. We are already benefiting from a "flight to quality" mentality that is driving space users not just to better buildings, but to superior owner/managers who can offer strength, stability and service.

Receiving Recognition for Industry Leadership

The manner, approach and effectiveness with which we manage and operate our properties were again recognized by a number of industry, civic and public organizations in 2008.



Tenant Focus



Harborside Financial Center



Mack-Cali's tenant-first philosophy, coupled with the strategic locations and

convenient amenities that its properties offer, continues to attract and retain leading names in corporate America. The Company's 3.1 million-square-foot Harborside Financial Center is the Jersey City waterfront's

premier "city within a city," offering tenants on-site restaurants, shops, a fitness center, a cafeteria and more. In addition, the property features unparalleled transportation options that include an on-site

Hudson-Bergen Light Rail stop, adjacent PATH station and nearby ferry and bus service. Acquiring and developing properties that serve a full array of tenant requirements is paramount to our success.



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In New Jersey, four of our properties received The Office Building of the Year award (TOBY) from the New Jersey Chapter of the Building Owners and Managers Association (BOMA). The buildings honored were 343 Thornall Street in Edison, 4 Becker Farm Road in Roseland, 101 Hudson Street in Jersey City, and 23 Main Street in Holmdel. In other

30 Knightsbridge Road,
Piscataway, New Jersey

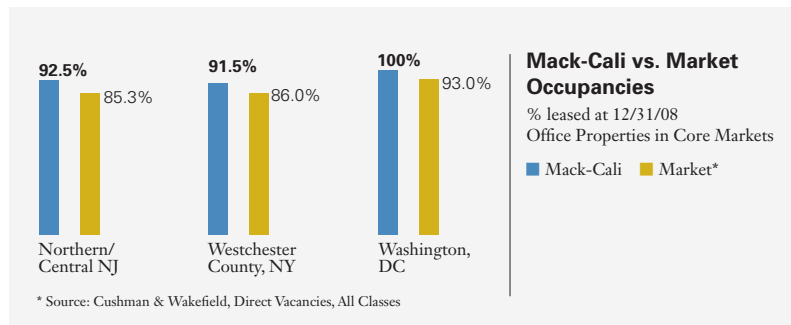


Northeast locations, Soundview Plaza in Stamford received a TOBY award from the Southern Connecticut Chapter of BOMA, and 50 Main Street in White Plains, New York, was recognized for

Best Central Business District Curb Appeal by BOMA Westchester.

In addition, our property at 700 Horizon Drive in Hamilton Township, New Jersey, part of Mack-Cali's Horizon Center Business Park, was given a 2008 Good Neighbor Award by the New Jersey Business and Industry Association in recognition of its economic benefit, job creation, architectural merit and community involvement. The 120,000-square-foot building was developed in 2007 for AAA Mid-Atlantic.

Our efforts to reduce energy consumption and improve operating efficiencies also bore fruit during the year. Two of our buildings at Mack-Cali Business Campus in Parsippany, New Jersey, earned prestigious distinctions. The U.S. Environmental Protection Agency's ENERGY STAR award was granted to 4 Gatehall Drive and 8 Campus Drive. To qualify for this rating, office buildings must be in the top 25 percent in terms of energy efficiency.



Disciplined Development



Mack-Cali recently completed construction of 22 Sylvan Way in Mack-Cali Business

Campus, Parsippany, NJ. The 250,000-square-foot class A build-to-suit office building for Wyndham Worldwide Corporation, one of the largest hospitality companies in the world, was developed on a land site owned by



Wyndham Worldwide Headquarters

Mack-Cali. Wyndham's new corporate headquarters is fully leased for 15 years and demonstrates Mack-Cali's ability to broaden a long-term tenant relationship and deploy valuable land. Mack-Cali offers land sites in top markets to

accommodate over 12 million square feet of commercial development, as well as extensive development expertise, having developed over 30 million square feet of commercial real estate properties.

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Strengthening Our Balance Sheet

In October, we enhanced our financial strength and flexibility when the Company obtained \$240 million in mortgage financing from The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as co-lenders on our

Soundview Plaza,
1266 East Main Street,
Stamford, Connecticut



Harborside Financial Center Plaza 5 office tower. Proceeds were used to pay down outstanding corporate borrowings.

This financing, secured despite the general illiquidity in the financial markets, is a testament to the strength and stability

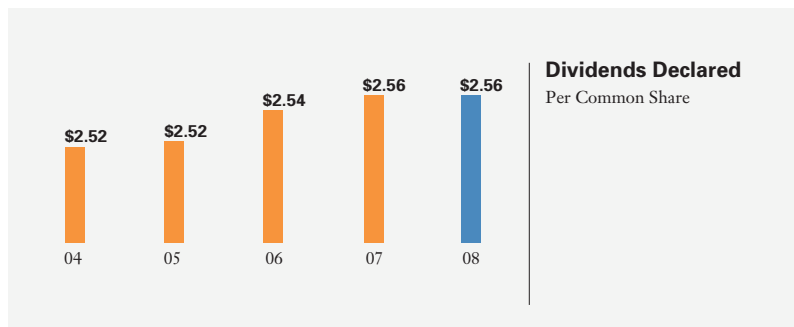
of Mack-Cali, and demonstrates the financial community’s continuing confidence in the Company.

Utilizing Our Resources and Capabilities

Clearly, we face challenging times ahead. Until confidence and new employment return, most companies will be especially conservative. In commercial real estate, decisions will take longer, leases may be shorter and early renewals will be more difficult to negotiate.

Fortunately, Mack-Cali has many advantages that will help to mitigate some of the negative effects of these trends. Consider that:

- Our portfolio is located in high-barrier-to-entry markets, within the deepest macro-economic regions of the global economy, that have proven to be resilient over many economic cycles. We have spent years refining our holdings, enhancing their value and focusing on a clear and well-defined strategy.
- Our tenant base is diverse, active across many industries and varying in size and scope. We have long-term relationships





Work Green®



4 Gatehall Drive



Mack-Cali's extensive property management initiative, dedicated to

making its properties more energy efficient and environmentally friendly while lowering operating costs for its tenants, has proven fruitful throughout the year. Both 8 Campus Drive and 4 Gatehall Drive in

Mack-Cali Business Campus, Parsippany, NJ, earned the U.S. Environmental Protection Agency (EPA)'s prestigious ENERGY STAR, the national symbol for superior energy efficiency and environmental

protection. In addition, the Company has instituted recycling programs, preferred parking for carpoolers and "green" tenant fit-outs at many of its buildings.

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with many of them, based on our tenant-first philosophy. The leading companies that we serve produce stable, reliable revenues.

- Our position as a major owner/operator with ample financial resources facilitates our ability to be competitive in our markets.
- The bulk of our properties are not encumbered by mortgage debt, which allows us to negotiate transactions without lender approval, resulting in a leasing process that is faster and more streamlined.

16-18 Sentry Park West,
Blue Bell, Pennsylvania



- The quality and amenities of our properties offer a compelling proposition to users looking to fill their needs as efficiently and cost-effectively as possible.

Staying Focused on Fundamentals

While no business is immune to the unprecedented conditions in the economy, Mack-Cali has entered 2009 in a strong

position. Although we anticipate further economic deterioration, we are confident that we can keep our properties well leased by continuing to provide the highest levels of service to our tenants. Many companies have made us their landlord of choice, and we are committed to delivering an unparalleled quality of life for them and maintaining our status as the preferred provider of office space in our markets.

Mack-Cali continues to be grateful to its employees for their hard work, dedication and energy; our tenants for choosing our properties; our partners in the brokerage community for their support; and our investors for their confidence and loyalty. We are more thankful than ever for these relationships as we prepare to confront what will likely be a challenging period ahead.

Sincerely,

Handwritten signature of Mitchell E. Hersh.

Mitchell E. Hersh

President and Chief Executive Officer