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# BOW STREET

May 29, 2019

## Dear Fellow Mack-Cali Shareholder:

As shareholders of Mack-Cali Realty Corporation (“Mack-Cali” or the “Company”), we have trusted its long-tenured Board of Directors (the “Board”) to steward our capital. However, this Board has failed us. Since taking over as Chairman in 2000, and particularly over the past 15 years, William Mack has overseen strategies that have resulted in a ~70% decrease in dividends and a ~50% share price decline<sup>(1)</sup>. Over this period, debt has increased from ~4.5x Debt/EBITDA<sup>(2)</sup> to over 9x Debt/EBITDA<sup>(3)</sup>, reducing Mack-Cali’s financial flexibility and leaving our Company lacking any credible standalone path to the creation of durable shareholder value.

Even over the last several weeks, **when presented with credible third-party proposals to acquire all or meaningful portions of Mack-Cali for all-cash consideration, the Board explicitly discouraged suitors**, once again thwarting opportunities to create shareholder value. We have repeatedly called on the Board to establish a **truly independent** committee tasked with evaluating all strategic alternatives for Mack-Cali, including whether and how to pursue a sale of the Company. In response, the Board proposed “window dressing” – a toothless strategic review committee staffed by directors loyal to Chairman Mack, expressly prohibited from speaking with prospective acquirers or consulting an investment bank. Such a committee lacks both the tools and mandate to create value for Mack-Cali shareholders; its only purpose would be to perpetuate and legitimize the broken status quo.

As the owners of Mack-Cali, we deserve better. We deserve directors who will work to create value for **ALL** shareholders. We deserve directors who will explore **ALL** meaningful solutions to address the structural and governance issues that have plagued the Company for decades. This Board must be held accountable for its lack of oversight, broken promises and failed strategies. After decades of poor returns, shareholders finally have a choice. You can vote for **four new, highly-qualified independent director nominees** or you can support the same four individuals who have overseen 20 years of dividend cuts and share price declines. Please vote today on the **GOLD** proxy card **FOR** Bow Street’s four director nominees, who, if elected, will be committed to fixing the Company’s broken structure to benefit **ALL** shareholders.

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## THE BOARD IS RIDDLED WITH CONFLICTS; “MACK AGREEMENT” SUBORDINATES COMMON SHAREHOLDERS

Mack-Cali was established in 1997 through a combination of the Mack Family’s real estate holdings with Cali Realty Corp, a New Jersey REIT. As a result, the Company’s existing governance structure is predicated on an asymmetric agreement that affords the Mack Family control far in excess of its ownership, and significant benefits at the direct expense of common shareholders. In hindsight, this agreement made Mack-Cali’s decades-long underperformance an inevitability.

### Known as the “Mack Agreement,” it permits the following:

- **the Mack family to nominate 3 directors to the Board, which could ultimately result in their control of ~27%<sup>(4)</sup> of the Board despite owning a mere ~7.7% of the Company; and**
- **the Company to use commercially reasonable efforts to protect Chairman Mack’s tax position, which has proven to be in direct conflict with shareholder interests.**

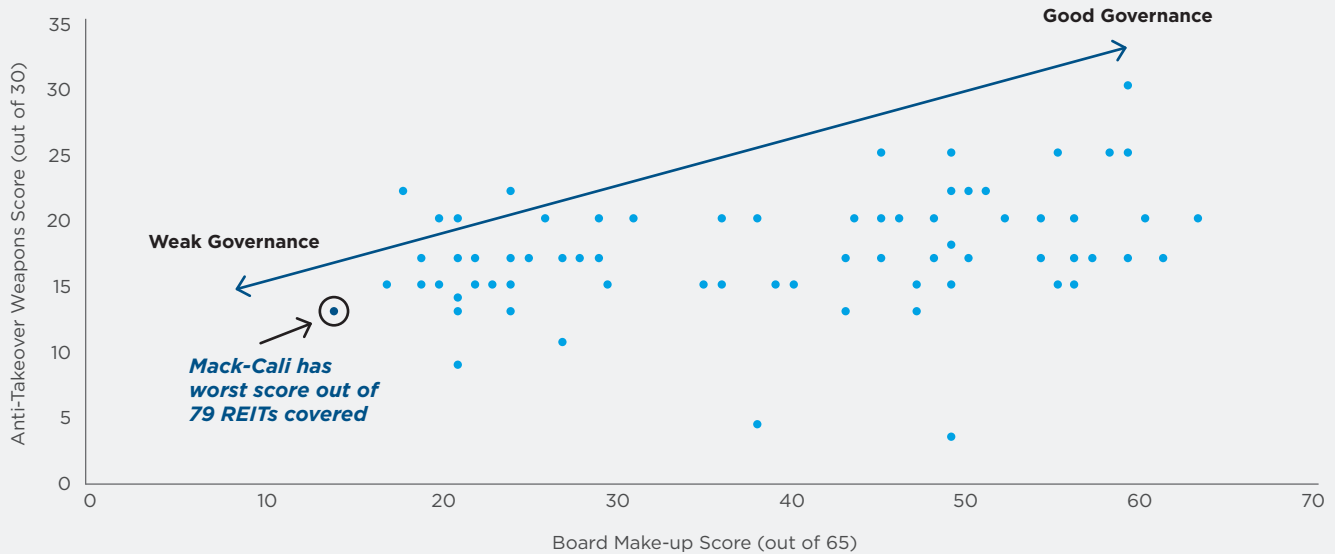
Furthermore, the Company, under certain conditions, expressly permits Chairman Mack to transact in real estate deals in direct competition with Mack-Cali; a right he has exercised consistently throughout his long career managing private capital.

Indeed, throughout his nearly 20-year tenure as Board Chairman, **Mr. Mack has competed directly against Mack-Cali for assets** – first as Chairman and Founder of Apollo Real Estate Advisors and AREA Property Partners, and currently through Mack Real Estate Group. Mack-Cali’s weak governance policies have persisted for over two decades and have been preserved by an entrenched Board that is blindly loyal to its Chairman. Wall Street research analysts concur. As recently as last month, Mack-Cali received the **WORST CORPORATE GOVERNANCE SCORE** of the 79 REITs ranked by Green Street research.<sup>(5)</sup>

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**VOTE THE GOLD PROXY CARD TODAY!**

## GREEN STREET CURRENT GOVERNANCE RANKINGS FOR PUBLIC REITS <sup>(1)</sup>



(1) Green Street Research as of May 2019

## WHY IS THE BOARD SO OPPOSED TO A SALE?

Mack-Cali has been rumored to have rebuffed numerous prospective suitors, and is believed to have discouraged credible acquirer interest as recently as three weeks ago. As shareholders, we must ask: **why is the Mack-Cali Board so opposed to a sale of the Company?**

Our diligence suggests misaligned incentives may be to blame. Here are the facts:

- The Mack Family's investment in the Company is not in common shares, but rather in Mack-Cali's Operating Partnership units; these units have vastly different tax characteristics than common shares.
- Upon a sale of the Company, common shareholders would be taxed on gains at their outside basis - i.e., stock purchase price.
- Upon a sale of the Company, the Mack Family's tax liability would likely be significantly higher than that of common shareholders.

These tax issues precipitate a **direct conflict of interest between common shareholders and Operating Partnership unit holders like the Mack Family**. We deserve directors who are free of conflicts, and who will exercise their fiduciary duty by exploring all strategic alternatives to create value for ALL shareholders.

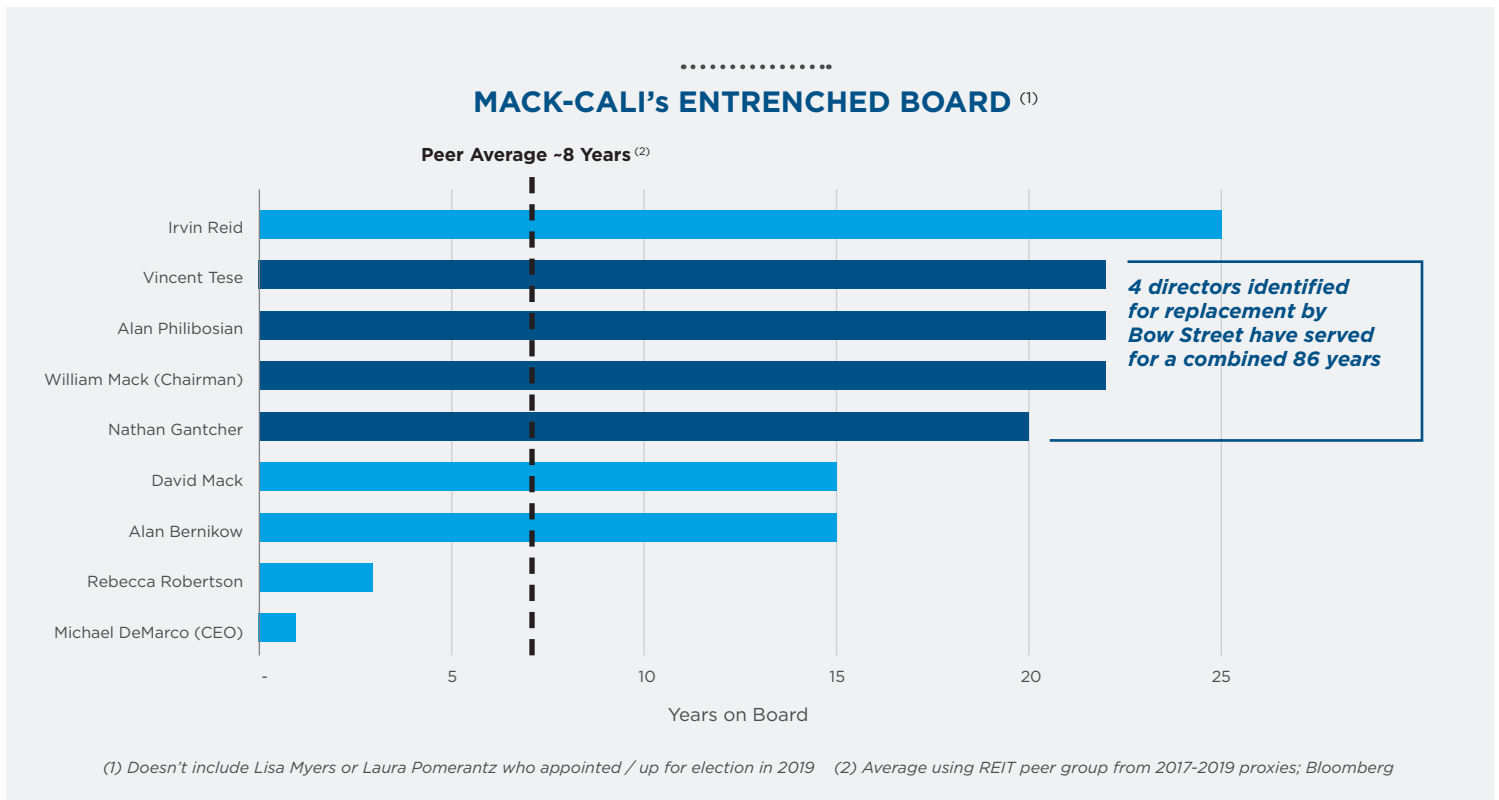
## FRESH PERSPECTIVES AND TRUE INDEPENDENCE ARE DESPERATELY NEEDED IN THE BOARDROOM

Mack-Cali's directors - the majority of whom have **served on the Board for over 15 years** - have prioritized loyalty to Chairman Mack over their stewardship of your investment. These incumbent directors have preserved their jobs through a complex web of dated corporate defenses, such as limitations that prevent shareholders from acting outside of an annual meeting. Additionally, and perhaps most importantly, this Board has the sole and exclusive power to unilaterally increase the size of the Board and appoint directors to fill vacancies - each without any shareholder approval.

**VOTE THE GOLD PROXY CARD TODAY!**

**In absence of proper oversight and Board independence, your investment continues to be at risk.** As such, Bow Street is nominating four independent director candidates to replace Chairman Mack, Nathan Gantcher, Alan Philibosian and Vincent Tese, who have **SERVED A COMBINED 86 YEARS** on the Board. In addition to the corporate missteps attributable to these directors inside and beyond the Mack-Cali Boardroom, their long-standing relationships with Chairman Mack suggest they are **far from independent and ultimately unfit to serve on any corporate board.**

Furthermore, the Board's lack of independence extends well beyond the directors we are seeking to replace. Other directors include David S. Mack (Chairman Mack's brother), and current Board nominee Laura H. Pomerantz, who not only served on the Board of Chairman Mack's AREA Properties, but also was a "Founding" shareholder in NRDC Acquisition Corp., together with Chairman Mack and Mr. Tese.



**It is clear: change is required in the Mack-Cali Boardroom to reverse the status quo. Don't just take our word for it; independent third-parties and other Mack-Cali shareholders agree and have clamored for change:**

- **"Similar to the nine member U.S. Supreme Court...CLI Board of Directors appears to have a 'for life' appointment."** (Stifel, 5/7/18)
- **"As we have long referenced, we think the CLI Board is too entrenched and in need of an overhaul. Therefore, a new slate would be easily supported by [ISS] and Glass Lewis, and easily approved by shareholders. If something positive does not happen to realize shareholder value soon, the CLI share price will likely head south of \$20/sh."** (Stifel, 4/16/19)
- **"The Board has overseen exceptionally poor relative stock performance...We think it is no secret that CLI's Board is long overdue for a refresh. Eight of the 10 current directors have been on the Board since 2005 or earlier, and we think investors might understandably be happy to see all of those directors replaced, given the stock's performance."** (SunTrust Robinson Humphrey, 5/1/19)
- **"...ultimately, the proof is in the pudding, right. And if the stock is where the stock is, at this point, perhaps fresh perspectives are needed in the boardroom ...Shareholders are not happy."** (Citi, Q3 2018 Earnings Call, 11/1/18)
- **"...board oversight, board leadership, board composition has to change alongside management for the better of shareholders that own your stock."** (Citi, Q4 2017 Earnings Call, 2/22/18)

- “The Company’s board has been pretty ineffective over time.” (JP Morgan, 3/27/19)
- “CalPERS staff attends the Mack-Cali AGM; votes “against” Co. chairman W. Mack...” (@CalPERS, May 2014)

## BOW STREET’S NOMINEES WILL BRING FRESH PERSPECTIVES AND RIGOROUS, INDEPENDENT OVERSIGHT TO THE BOARDROOM

Two decades of failed strategies have left Mack-Cali lacking any credible standalone path to sustainable shareholder value creation. It is time to put an end to the value destructive and weak governance practices overseen by Chairman Mack and his hand-picked directors.

**It is time for a reconstituted Board capable of providing truly independent oversight and willing to evaluate all opportunities to unlock shareholder value.**

Bow Street’s four independent director nominees – Alan Batkin, Frederic Cumenal, MaryAnne Gilmartin, and Nori Gerardo Lietz – are accomplished business leaders with deep board and governance experience, and real estate operations, development and investment expertise. **If elected, Bow Street’s nominees will be fierce advocates for all shareholders.**

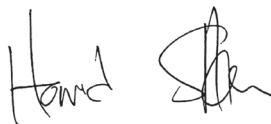
A **NEW DAY AT MACK-CALI** must begin at the very top. New oversight is needed to assure the Company’s future.

## JOIN US IN VOTING THE **GOLD** PROXY CARD FOR BOW STREET’S NOMINEES TODAY.

Respectfully,



**Akiva Katz**  
Managing Partner



**Howard Shinker**  
Managing Partner

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### YOUR VOTE IS IMPORTANT, NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN!

Please vote today by telephone, via the Internet or by signing, dating and returning the enclosed **GOLD** proxy card. Simply follow the easy instructions on the **GOLD** proxy card.

If you have questions about how to vote your shares, please contact:

**INNISFREE M&A INCORPORATED**  
Shareholders May Call Toll-free: (877) 800-5182  
Banks and Brokers May Call Collect: (212) 750-5833

#### REMEMBER:

Please simply discard any White proxy card that you may receive from Mack-Cali. Returning a White proxy card – even if you “withhold” on the Company’s nominees – will revoke any vote you had previously submitted on Bow Street’s **GOLD** proxy card.

(1) Bloomberg data from 2004 to 2019, (2) Using Citi Group calculation of EBITDA from report dated 11/29/2004 and 3/3/2005, (3) Company disclosed Debt / EBITDA of 9.5x as of 3/31/2019, (4) Based on today’s 11 member Board, (5) Green Street Research as of May 2019

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