MACK CALI REALTY L P
Form 10-Q
October 25, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

or

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

For the transition period from to

Commission File Number: 1-13274 Mack-Cali Realty Corporation

Commission File Number: 333-57103 Mack-Cali Realty, L.P.

Mack-Cali Realty Corporation

Mack-Cali Realty, L.P.

(Exact name of registrant as specified in its charter)

Maryland (Mack-Cali Realty Corporation) **Delaware (Mack-Cali Realty, L.P.)** (State or other jurisdiction of incorporation or organization)	**22-3305147 (Mack-Cali Realty Corporation)** **22-3315804 (Mack-Cali Realty, L.P.)** (I.R.S. Employer Identification No.)
Harborside 3, 210 Hudson St., Ste. 400, Jersey City, New Jersey (Address of principal executive offices)	**07311** (Zip Code)

(732) 590-1010

(Registrant s telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 ninety (90) days.

Mack-Cali Realty Corporation	YES x NO o
Mack-Cali Realty, L.P.	YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Mack-Cali Realty Corporation	YES x NO ¨
Mack-Cali Realty, L.P.	YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Mack-Cali Realty Corporation:			
Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨
Mack-Cali Realty, L.P.:			
Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Mack-Cali Realty Corporation	YES ¨ NO x
Mack-Cali Realty, L.P.	YES ¨ NO x

As of October 21, 2016, there were 89,688,470 shares of Mack-Cali Realty Corporation s Common Stock, par value $0.01 per share, outstanding.

Mack-Cali Realty, L.P. does not have any class of common equity that is registered pursuant to Section 12 of the Exchange Act.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2016 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. Unless stated otherwise or the context otherwise requires, references to the Operating Partnership mean Mack-Cali Realty, L.P., a Delaware limited partnership, and references to the General Partner mean Mack-Cali Realty Corporation, a Maryland corporation and real estate investment trust (REIT), and its subsidiaries, including the Operating Partnership. References to the Company, we, us and our mean collectively the General Partner, the Operating Partnership and those entities/subsidiaries consolidated by the General Partner.

The Operating Partnership conducts the business of providing leasing, management, acquisition, development, construction and tenant-related services for its General Partner. The Operating Partnership, through its operating divisions and subsidiaries, including the Mack-Cali property-owning partnerships and limited liability companies is the entity through which all of the General Partner s operations are conducted. The General Partner is the sole general partner of the Operating Partnership and has exclusive control of the Operating Partnership s day-to-day management.

As of September 30, 2016, the General Partner owned an approximate 89.5 percent common unit interest in the Operating Partnership. The remaining approximate 10.5 percent common unit interest is owned by limited partners. The limited partners of the Operating Partnership are (1) persons who contributed their interests in properties to the Operating Partnership in exchange for common units (each, a Common Unit) or preferred units of limited partnership interest in the Operating Partnership or (2) recipients of long term incentive plan units of the Operating Partnership pursuant to the General Partner s executive compensation plans.

A Common Unit of the Operating Partnership and a share of common stock of the General Partner (the Common Stock) have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the Company. The General Partner owns a number of common units of the Operating Partnership equal to the number of issued and outstanding shares of the General Partner s common stock. Common unitholders (other than the General Partner) have the right to redeem their Common Units, subject to certain restrictions under the Seconded Amended and Restated Agreement of Limited Partnership of the Operating Partnership, as amended (the Partnership Agreement) and agreed upon at the time of issuance of the units that may restrict such right for a period of time, generally one year from issuance. The redemption is required to be satisfied in shares of Common Stock of the General Partner, cash, or a combination thereof, calculated as follows: one share of the General Partner s Common Stock, or cash equal to the fair market value of a share of the General Partner s Common Stock at the time of redemption, for each Common Unit. The General Partner, in its sole discretion, determines the form of redemption of Common Units (i.e., whether a common unitholder receives Common Stock of the General Partner, cash, or any combination thereof). If the General Partner elects to satisfy the redemption with shares of Common Stock of the General Partner as opposed to cash, the General Partner is obligated to issue shares of its Common Stock to the redeeming unitholder. Regardless of the rights described above, the common unitholders may not put their units for cash to the Company or the General Partner under any circumstances. With each such redemption, the General Partner s percentage ownership in the Operating Partnership will increase. In addition, whenever the General Partner issues shares of its Common Stock other than to acquire Common Units, the General Partner must contribute any net proceeds it receives to the Operating Partnership and the Operating Partnership must issue to the General Partner an equivalent number of Common Units. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

The Company believes that combining the quarterly reports on Form 10-Q of the General Partner and the Operating Partnership into this single report provides the following benefits:

- enhance investors understanding of the General Partner and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business of the Company;

- eliminate duplicative disclosure and provide a more streamlined and readable presentation because a substantial portion of the disclosure applies to both the General Partner and the Operating Partnership; and

- create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

The Company believes it is important to understand the few differences between the General Partner and the Operating Partnership in the context of how they operate as a consolidated company. The financial results of the Operating Partnership are consolidated into the financial statements of the General Partner. The General Partner does not have any other significant assets, liabilities or operations, other than its interests in the Operating Partnership, nor does the Operating Partnership have employees of its

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own. The Operating Partnership, not the General Partner, generally executes all significant business relationships other than transactions involving the securities of the General Partner. The Operating Partnership holds substantially all of the assets of the General Partner, including ownership interests in joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from equity offerings by the General Partner, which are contributed to the capital of the Operating Partnership in consideration of common or preferred units in the Operating Partnership, as applicable, the Operating Partnership generates all remaining capital required by the Company s business. These sources include working capital, net cash provided by operating activities, borrowings under the Company s unsecured revolving credit facility and unsecured term loan facility, the issuance of secured and unsecured debt and equity securities and proceeds received from the disposition of properties and joint ventures.

Shareholders equity, partners capital and noncontrolling interests are the main areas of difference between the consolidated financial statements of the General Partner and the Operating Partnership. The limited partners of the Operating Partnership are accounted for as partners capital in the Operating Partnership s financial statements as is the General Partner s interest in the Operating Partnership. The noncontrolling interests in the Operating Partnership s financial statements comprise the interests of unaffiliated partners in various consolidated partnerships and development joint venture partners. The noncontrolling interests in the General Partner s financial statements are the same noncontrolling interests at the Operating Partnership s level and include limited partners of the Operating Partnership. The differences between shareholders equity and partners capital result from differences in the equity issued at the General Partner and Operating Partnership levels.

To help investors better understand the key differences between the General Partner and the Operating Partnership, certain information for the General Partner and the Operating Partnership in this report has been separated, as set forth below:

- Item 1. Financial Statements (unaudited), which includes the following specific disclosures for the General Partner and the Operating Partnership:

- Note 15. Mack-Cali Realty Corporation s Stockholders Equity and Mack-Cali Realty, L.P. s Partners Capital; and

- Note 16. Noncontrolling Interests in Subsidiaries.

- Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations includes information specific to each entity, where applicable;

Item 2. Liquidity and Capital Resources includes separate reconciliations of amounts to each entity s financial statements, where applicable;

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of the General Partner and the Operating Partnership in order to establish that the requisite certifications have been made and that the General Partner and Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

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MACK-CALI REALTY, L.P.

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MACK-CALI REALTY CORPORATION

MACK-CALI REALTY, L.P.

Part I Financial Information

Item 1. **Financial Statements**

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

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in Mack-Cali Realty Corporation s and Mack-Cali Realty, L.P. s Annual Reports on Form 10-K for the fiscal year ended December 31, 2015.

The results of operations for the three and nine-month periods ended September 30, 2016 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS *(in thousands, except per share amounts) (unaudited)*

	September 30, 2016	December 31, 2015
ASSETS		
Rental property		
Land and leasehold interests	$ 667,095	$ 735,696
Buildings and improvements	3,821,332	3,648,238
Tenant improvements	361,301	408,617
Furniture, fixtures and equipment	19,622	15,167
	4,869,350	4,807,718
Less accumulated depreciation and amortization	(1,351,825)	(1,464,482)
	3,517,525	3,343,236
Rental property held for sale, net	102,798	
Net investment in rental property	3,620,323	3,343,236
Cash and cash equivalents	21,555	37,077
Investments in unconsolidated joint ventures	319,807	303,457
Unbilled rents receivable, net	105,547	120,246
Deferred charges, goodwill and other assets, net	303,654	203,850
Restricted cash	54,784	35,343
Accounts receivable, net of allowance for doubtful accounts of $1,308 and $1,407	9,949	10,754
Total assets	$ 4,435,619	$ 4,053,963
LIABILITIES AND EQUITY		
Senior unsecured notes, net	$ 951,275	$ 1,263,782
Unsecured term loan, net	347,830	
Revolving credit facility	95,000	155,000
Mortgages, loans payable and other obligations, net	1,061,204	726,611
Dividends and distributions payable	15,233	15,582
Accounts payable, accrued expenses and other liabilities	185,326	135,057
Rents received in advance and security deposits	48,314	49,739
Accrued interest payable	17,613	24,484
Total liabilities	2,721,795	2,370,255
Commitments and contingencies		
Equity:		
Mack-Cali Realty Corporation stockholders equity:		
Common stock, $0.01 par value, 190,000,000 shares authorized, 89,647,337 and 89,583,950 shares outstanding	897	896
Additional paid-in capital	2,574,999	2,570,392
Dividends in excess of net earnings	(1,053,910)	(1,115,612)
Accumulated other comprehensive loss	(6,739)	
Total Mack-Cali Realty Corporation stockholders equity	1,515,247	1,455,676
Noncontrolling interests in subsidiaries:		
Operating Partnership	177,440	170,891
Consolidated joint ventures	21,137	57,141
Total noncontrolling interests in subsidiaries	198,577	228,032
Total equity	1,713,824	1,683,708
Total liabilities and equity	$ 4,435,619	$ 4,053,963

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS *(in thousands, except per share amounts) (unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
REVENUES				
Base rents	$ 129,523	$ 119,707	$ 380,133	$ 364,746
Escalations and recoveries from tenants	16,177	15,050	45,248	49,291
Real estate services	6,650	7,510	19,931	22,555
Parking income	3,443	2,749	10,131	8,141
Other income	1,724	1,142	4,224	3,707
Total revenues	157,517	146,158	459,667	448,440
EXPENSES				
Real estate taxes	20,606	19,143	66,250	63,005
Utilities	14,127	13,172	38,658	44,146
Operating services	25,553	24,535	76,309	78,607
Real estate services expenses	6,361	6,673	19,418	19,520
General and administrative	14,007	13,670	39,011	36,558
Acquisition-related costs	815		2,854	111
Depreciation and amortization	48,117	44,099	134,639	127,266
Impairments		164,176		164,176
Total expenses	129,586	285,468	377,139	533,389
Operating income (loss)	27,931	(139,310)	82,528	(84,949)
OTHER (EXPENSE) INCOME				
Interest expense	(24,233)	(24,689)	(72,158)	(78,677)
Interest and other investment income (loss)	1,262	5	739	563
Equity in earnings (loss) of unconsolidated joint ventures	21,790	3,135	19,622	(2,723)
Gain on change of control of interests			15,347	
Realized gains (losses) and unrealized losses on disposition of rental property, net	(17,053)	18,718	68,664	53,261
Gain on sale of investment in unconsolidated joint venture			5,670	6,448
Loss from extinguishment of debt, net	(19,302)		(6,882)	
Total other income (expense)	(37,536)	(2,831)	31,002	(21,128)
Net income (loss)	(9,605)	(142,141)	113,530	(106,077)
Noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Noncontrolling interest in Operating Partnership	999	15,530	(11,947)	11,461
Net income (loss) available to common shareholders	$ (8,541)	$ (126,892)	$ 102,043	$ (94,034)
Basic earnings per common share:				
Net income (loss) available to common shareholders	$ (0.10)	$ (1.42)	$ 1.14	$ (1.05)
Diluted earnings per common share:				
Net income (loss) available to common shareholders	$ (0.10)	$ (1.42)	$ 1.13	$ (1.05)
Basic weighted average shares outstanding	89,755	89,249	89,739	89,229
Diluted weighted average shares outstanding	100,253	100,172	100,486	100,236

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) *(in thousands) (unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Net income (loss)	$ (9,605)	$ (142,141)	$ 113,530	$ (106,077)
Other comprehensive income (loss):				
Net unrealized gain (loss) on derivative instruments for interest rate swaps	1,725		(7,528)	
Comprehensive income (loss)	$ (7,880)	$ (142,141)	$ 106,002	$ (106,077)
Comprehensive (income) loss attributable to noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Comprehensive (income) loss attributable to noncontrolling interest in Operating Partnership	818	15,530	(11,158)	11,461
Comprehensive income (loss) attributable to common shareholders	$ (6,997)	$ (126,892)	$ 95,304	$ (94,034)

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(in thousands) (unaudited)*

	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Dividends in Excess of Net Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Subsidiaries	Total Equity
Balance at January 1, 2016	89,584	$ 896	$ 2,570,392	$ (1,115,612)	$	$ 228,032	$ 1,683,708
Net income				102,043		11,487	113,530
Common stock dividends				(40,341)			(40,341)
Unit distributions						(4,947)	(4,947)
Acquisition/increase in noncontrolling interest in consolidated joint ventures			414			(35,544)	(35,130)
Redemption of common units for common stock	19		308			(308)	
Shares issued under Dividend Reinvestment and Stock Purchase Plan	1		23				23
Directors deferred compensation plan			285				285
Stock compensation	47	1	2,787			1,511	4,299
Cancellation of restricted stock	(4)		(75)				(75)
Other comprehensive income (loss)					(6,739)	(789)	(7,528)
Rebalancing of ownership percentage between parent and subsidiaries			865			(865)	
Balance at September 30, 2016	89,647	$ 897	$ 2,574,999	$ (1,053,910)	$ (6,739)	$ 198,577	$ 1,713,824

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS *(in thousands) (unaudited)*

	Nine Months Ended September 30,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 113,530	$ (106,077)
Adjustments to reconcile net income to net cash provided by Operating activities:		
Depreciation and amortization, including related intangible assets	134,756	128,422
Amortization of directors deferred compensation stock units	285	297
Amortization of stock compensation	4,299	1,500
Amortization of deferred financing costs	3,583	2,846
Amortization of debt discount and mark-to-market	1,417	2,791
Equity in (earnings) loss of unconsolidated joint ventures	(19,622)	2,723
Distributions of cumulative earnings from unconsolidated joint ventures	4,833	3,145
Gain on change of control of interests	(15,347)	
Realized (gains) losses and unrealized losses on disposition of rental property, net	(68,664)	(53,261)
Gain on sale of investments in unconsolidated joint ventures	(5,670)	(6,448)
Gain from extinguishment of debt	(12,420)	
Impairments		164,176
Changes in operating assets and liabilities:		
(Increase) decrease in unbilled rents receivable, net	(9,860)	17
Increase in deferred charges, goodwill and other assets	(11,173)	(23,387)
Decrease (increase) in accounts receivable, net	424	(603)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(12,656)	5,298
Decrease in rents received in advance and security deposits	(1,425)	(4,502)
(Decrease) increase in accrued interest payable	(1,500)	7,751
Net cash provided by operating activities	$ 104,790	$ 124,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental property acquisitions and related intangibles	$ (405,808)	$ (6,057)
Rental property additions and improvements	(94,017)	(59,700)
Development of rental property and other related costs	(150,592)	(49,959)
Proceeds from the sales of rental property	409,101	81,049
Proceeds from the sale of investments in unconsolidated joint ventures	6,420	6,448
Repayment of notes receivable	375	7,750
Acquisition of noncontrolling interests	(37,946)	
Investment in unconsolidated joint ventures	(31,318)	(68,468)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	20,906	4,329
Increase in restricted cash	(287)	(5,823)
Net cash used in investing activities	$ (283,166)	$ (90,431)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings from revolving credit facility	$ 793,000	$ 179,000
Repayment of revolving credit facility	(853,000)	(144,000)
Repayment of senior unsecured notes	(314,755)	
Borrowings from unsecured term loan	350,000	
Proceeds from mortgages and loans payable	426,613	6,193
Repayment of mortgages, loans payable and other obligations	(187,969)	(29,307)
Payment of financing costs	(7,050)	(98)

Contributions from noncontrolling interests		1,065		251
Payment of dividends and distributions		(45,050)		(44,979)
Net cash provided by (used in) financing activities	$	162,854	$	(32,940)
Net (decrease) increase in cash and cash equivalents	$	(15,522)	$	1,317
Cash and cash equivalents, beginning of period		37,077		29,549
Cash and cash equivalents, end of period	$	21,555	$	30,866

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS *(in thousands, except per unit amounts) (unaudited)*

	September 30, 2016	December 31, 2015
ASSETS		
Rental property		
Land and leasehold interests	$ 667,095	$ 735,696
Buildings and improvements	3,821,332	3,648,238
Tenant improvements	361,301	408,617
Furniture, fixtures and equipment	19,622	15,167
	4,869,350	4,807,718
Less accumulated depreciation and amortization	(1,351,825)	(1,464,482)
	3,517,525	3,343,236
Rental property held for sale, net	102,798	
Net investment in rental property	3,620,323	3,343,236
Cash and cash equivalents	21,555	37,077
Investments in unconsolidated joint ventures	319,807	303,457
Unbilled rents receivable, net	105,547	120,246
Deferred charges, goodwill and other assets, net	303,654	203,850
Restricted cash	54,784	35,343
Accounts receivable, net of allowance for doubtful accounts of $1,308 and $1,407	9,949	10,754
Total assets	$ 4,435,619	$ 4,053,963
LIABILITIES AND EQUITY		
Senior unsecured notes, net	$ 951,275	$ 1,263,782
Unsecured term loan, net	347,830	
Revolving credit facility	95,000	155,000
Mortgages, loans payable and other obligations, net	1,061,204	726,611
Distributions payable	15,233	15,582
Accounts payable, accrued expenses and other liabilities	185,326	135,057
Rents received in advance and security deposits	48,314	49,739
Accrued interest payable	17,613	24,484
Total liabilities	2,721,795	2,370,255
Commitments and contingencies		
Partners Capital:		
General Partner, 89,647,337 and 89,583,950 common units outstanding	1,464,864	1,399,419
Limited partners, 10,497,946 and 10,516,844 common units outstanding	234,562	227,148
Accumulated other comprehensive loss	(6,739)	
Total Mack-Cali Realty, L.P. partners capital	1,692,687	1,626,567
Noncontrolling interests in consolidated joint ventures	21,137	57,141
Total equity	1,713,824	1,683,708
Total liabilities and equity	$ 4,435,619	$ 4,053,963

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS *(in thousands, except per unit amounts) (unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
REVENUES				
Base rents	$ 129,523	$ 119,707	$ 380,133	$ 364,746
Escalations and recoveries from tenants	16,177	15,050	45,248	49,291
Real estate services	6,650	7,510	19,931	22,555
Parking income	3,443	2,749	10,131	8,141
Other income	1,724	1,142	4,224	3,707
Total revenues	157,517	146,158	459,667	448,440
EXPENSES				
Real estate taxes	20,606	19,143	66,250	63,005
Utilities	14,127	13,172	38,658	44,146
Operating services	25,553	24,535	76,309	78,607
Real estate services expenses	6,361	6,673	19,418	19,520
General and administrative	14,007	13,670	39,011	36,558
Acquisition-related costs	815		2,854	111
Depreciation and amortization	48,117	44,099	134,639	127,266
Impairments		164,176		164,176
Total expenses	129,586	285,468	377,139	533,389
Operating income (loss)	27,931	(139,310)	82,528	(84,949)
OTHER (EXPENSE) INCOME				
Interest expense	(24,233)	(24,689)	(72,158)	(78,677)
Interest and other investment income (loss)	1,262	5	739	563
Equity in earnings (loss) of unconsolidated joint ventures	21,790	3,135	19,622	(2,723)
Gain on change of control of interests			15,347	
Realized gains (losses) and unrealized losses on disposition of rental property, net	(17,053)	18,718	68,664	53,261
Gain on sale of investment in unconsolidated joint venture			5,670	6,448
Loss from extinguishment of debt, net	(19,302)		(6,882)	
Total other income (expense)	(37,536)	(2,831)	31,002	(21,128)
Net income (loss)	(9,605)	(142,141)	113,530	(106,077)
Noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Net income (loss) available to common unitholders	$ (9,540)	$ (142,422)	$ 113,990	$ (105,495)
Basic earnings per common unit:				
Net income (loss) available to common unitholders	$ (0.10)	$ (1.42)	$ 1.14	$ (1.05)
Diluted earnings per common unit:				
Net income (loss) available to common unitholders	$ (0.10)	$ (1.42)	$ 1.13	$ (1.05)
Basic weighted average units outstanding	100,253	100,172	100,241	100,236

Diluted weighted average units outstanding	100,253	100,172	100,486	100,236

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) *(in thousands) (unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Net income (loss)	$ (9,605)	$ (142,141)	$ 113,530	$ (106,077)
Other comprehensive income (loss):				
Net unrealized gain (loss) on derivative instruments for interest rate swaps	1,725		(7,528)	
Comprehensive income (loss)	$ (7,880)	$ (142,141)	$ 106,002	$ (106,077)
Comprehensive (income) loss attributable to noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Comprehensive income (loss) attributable to common unitholders	$ (7,815)	$ (142,422)	$ 106,462	$ (105,495)

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(in thousands) (unaudited)*

	General Partner Common Units	Limited Partner Common Units	General Partner Common Unitholders	Limited Partner Common Unitholders	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Consolidated Joint Ventures	Total Equity
Balance at January 1, 2016	89,584	10,517	$ 1,399,419	$ 227,148	$	$ 57,141	$ 1,683,708
Net income			102,043	11,947		(460)	113,530
Distributions			(40,341)	(4,947)			(45,288)
Acquisition/increase in noncontrolling interest			414			(35,544)	(35,130)
Redemption of limited partner common units for shares of general partner common units	19	(19)	308	(308)			
Shares issued under Dividend Reinvestment and Stock Purchase Plan	1		23				23
Directors deferred compensation plan			285				285
Cancellation of restricted shares	(4)		(75)				(75)
Stock compensation	47		2,788	1,511			4,299
Other comprehensive income (loss)				(789)	(6,739)		(7,528)
Balance at September 30, 2016	89,647	10,498	$ 1,464,864	$ 234,562	$ (6,739)	$ 21,137	$ 1,713,824

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS *(in thousands) (unaudited)*

	Nine Months Ended September 30,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 113,530	$ (106,077)
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation and amortization, including related intangible assets	134,756	128,422
Amortization of directors deferred compensation stock units	285	297
Amortization of stock compensation	4,299	1,500
Amortization of deferred financing costs	3,583	2,846
Amortization of debt discount and mark-to-market	1,417	2,791
Equity in (earnings) loss of unconsolidated joint ventures	(19,622)	2,723
Distributions of cumulative earnings from unconsolidated joint ventures	4,833	3,145
Gain on change of control of interests	(15,347)	
Realized (gains) losses and unrealized losses on disposition of rental property, net	(68,664)	(53,261)
Gain on sale of investments in unconsolidated joint ventures	(5,670)	(6,448)
Gain from extinguishment of debt	(12,420)	
Impairments		164,176
Changes in operating assets and liabilities:		
(Increase) decrease in unbilled rents receivable, net	(9,860)	17
Increase in deferred charges, goodwill and other assets	(11,173)	(23,387)
Decrease (increase) in accounts receivable, net	424	(603)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(12,656)	5,298
Decrease in rents received in advance and security deposits	(1,425)	(4,502)
(Decrease) increase in accrued interest payable	(1,500)	7,751
Net cash provided by operating activities	$ 104,790	$ 124,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental property acquisitions and related intangibles	$ (405,808)	$ (6,057)
Rental property additions and improvements	(94,017)	(59,700)
Development of rental property and other related costs	(150,592)	(49,959)
Proceeds from the sales of rental property	409,101	81,049
Proceeds from the sale of investments in unconsolidated joint ventures	6,420	6,448
Repayment of notes receivable	375	7,750
Acquisition of noncontrolling interests	(37,946)	
Investment in unconsolidated joint ventures	(31,318)	(68,468)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	20,906	4,329
Increase in restricted cash	(287)	(5,823)
Net cash used in investing activities	$ (283,166)	$ (90,431)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings from revolving credit facility	$ 793,000	$ 179,000
Repayment of revolving credit facility	(853,000)	(144,000)
Repayment of senior unsecured notes	(314,755)	
Borrowings from unsecured term loan	350,000	
Proceeds from mortgages and loans payable	426,613	6,193
Repayment of mortgages, loans payable and other obligations	(187,969)	(29,307)

Payment of financing costs		(7,050)		(98)
Contributions from noncontrolling interests		1,065		251
Payment of distributions		(45,050)		(44,979)
Net cash provided by (used in) financing activities	$	162,854	$	(32,940)
Net (decrease) increase in cash and cash equivalents	$	(15,522)	$	1,317
Cash and cash equivalents, beginning of period		37,077		29,549
Cash and cash equivalents, end of period	$	21,555	$	30,866

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

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MACK-CALI REALTY CORPORATION, MACK-CALI REALTY, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively, the General Partner) is a fully-integrated self-administered, self-managed real estate investment trust (REIT). The General Partner controls Mack-Cali Realty, L.P., a Delaware limited partnership, together with its subsidiaries (collectively, the Operating Partnership), as its sole general partner and owned an 89.5 percent common unit interest in the Operating Partnership as of both September 30, 2016 and December 31, 2015. The General Partner s business is the ownership of interests in and operation of the Operating Partnership and all of the General Partner s expenses are incurred for the benefit of the Operating Partnership. The General Partner is reimbursed by the Operating Partnership for all expenses it incurs relating to the ownership and operation of the Operating Partnership.

The Operating Partnership conducts the business of providing leasing, management, acquisition, development, construction and tenant-related services for its General Partner. The Operating Partnership, through its operating divisions and subsidiaries, including the Mack-Cali property-owning partnerships and limited liability companies, is the entity through which all of the General Partner s operations are conducted. Unless stated otherwise or the context requires, the Company refers to the General Partner and its subsidiaries, including the Operating Partnership and its subsidiaries.

As of September 30, 2016, the Company owned or had interests in 263 properties, consisting of 136 office and 110 flex properties, totaling approximately 29.0 million square feet, leased to approximately 1,800 commercial tenants, and 17 multi-family rental properties containing 5,214 residential units, plus developable land (collectively, the Properties). The Properties are comprised of 136 office buildings totaling approximately 23.7 million square feet (which include 36 buildings, aggregating approximately 5.6 million square feet owned by unconsolidated joint ventures in which the Company has investment interests), 94 office/flex buildings totaling approximately 4.8 million square feet, six industrial/warehouse buildings totaling approximately 387,400 square feet, 17 multi-family properties totaling 5,214 apartments (which include ten properties aggregating 3,587 apartments owned by unconsolidated joint ventures in which the Company has investment interests), six parking/retail properties totaling approximately 130,100 square feet (which include two buildings aggregating 81,700 square feet owned by unconsolidated joint ventures in which the Company has investment interests), one hotel (which is owned by an unconsolidated joint venture in which the Company has an investment interest) and three parcels of land leased to others. The Properties are located in seven 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 the Operating Partnership and variable interest entities for which the Company has determined itself to be the primary beneficiary, if any. See Note 2: Significant Accounting Policies Investments in Unconsolidated Joint Ventures, for the Company s

treatment of unconsolidated joint venture interests. Intercompany accounts and transactions have been eliminated.

Accounting Standards Codification (ASC) 810, Consolidation, provides guidance on the identification of entities for which control is achieved through means other than voting rights (variable interest entities or VIEs) and the determination of which business enterprise, if any, should consolidate the VIEs. Generally, the consideration of whether an entity is a VIE applies when either: (1) the equity investors (if any) lack (i) the ability to make decisions about the entity s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; (2) the equity investment at risk is insufficient to finance that entity s activities without additional subordinated financial support; or (3) the equity investors have voting rights that are not proportionate to their economic interests and substantially all of the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The Company consolidates VIEs in which it is considered to be the primary beneficiary. The primary beneficiary is defined by the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the variable interest entity s performance: and (2) the obligation to absorb losses and right to receive the returns from the VIE that would be significant to the VIE.

On January 1, 2016, the Company adopted accounting guidance under ASC 810, Consolidation, modifying the analysis it must perform to determine whether it should consolidate certain types of legal entities. The guidance does not amend the existing disclosure requirements for variable interest entities or voting interest model entities. The guidance, however, modified the requirements to qualify under the voting interest model. Under the revised guidance, the Operating Partnership will be a variable interest entity of the parent company, Mack-Cali Realty Corporation. As the Operating Partnership is already consolidated in the balance sheets of Mack-Cali Realty Corporation, the identification of this entity as a variable interest entity has no impact on the

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consolidated financial statements of Mack-Cali Realty Corporation. There were no other legal entities qualifying under the scope of the revised guidance that were consolidated as a result of the adoption.

As of September 30, 2016 and December 31, 2015, the Company s investments in consolidated real estate joint ventures, which are variable interest entities in which the Company is deemed to be the primary beneficiary have total real estate assets of $193.1 million and $273.4 million, respectively, mortgages of $70.1 million and $89.5 million, respectively, and other liabilities of $20.7 million and $17.5 million, respectively.

The financial statements have been prepared in conformity with GAAP. The preparation of financial statements in conformity with 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. These estimates and assumptions are based on management s historical experience that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment.

Actual results could differ from those estimates. Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

2. SIGNIFICANT ACCOUNTING POLICIES

Rental

Property Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Acquisition related costs are expensed as incurred. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Capitalized development and construction salaries and related costs approximated $0.7 million and $0.9 million for the three months ended September 30, 2016 and 2015, respectively, and $1.9 million and $3.5 million for the nine months ended September 30, 2016 and 2015, respectively. Included in total rental property is construction, tenant improvement and development in-progress of $301 million and $88.7 million as of September 30, 2016 and December 31, 2015, 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.

The Company considers a construction project as substantially completed and held available for occupancy upon the substantial completion of tenant improvements, but no later than one year from cessation of major construction activity (as distinguished from activities such as routine maintenance and cleanup). If portions of a rental project are substantially completed and occupied by tenants, or held available for occupancy, and other portions have not yet reached that stage, the substantially completed portions are accounted for as a separate project. The Company allocates costs incurred between the portions under construction and the portions substantially completed and held available for occupancy, primarily based on a percentage of the relative square footage of each portion, and capitalizes only those costs associated with the portion under

construction.

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

Upon acquisition of rental property, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities assumed, generally consisting of the fair value of (i) above and below-market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their fair values. The Company records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed differ from the purchase consideration of a transaction.

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In estimating the fair value of the tangible and intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management s estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values, which are based on management s evaluation of the specific characteristics of each tenant s lease and the Company s overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Company s existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant s credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles are amortized to expense over the anticipated life of the relationships.

On a periodic basis, management assesses whether there are any indicators that the value of the Company s rental properties held for use may be impaired. In addition to identifying any specific circumstances which may affect a property or properties, management considers other criteria for determining which properties may require assessment for potential impairment. The criteria considered by management include reviewing low leased percentages, significant near-term lease expirations, current and historical operating and/or cash flow losses, near-term mortgage debt maturities or other factors that might impact the Company s intent and ability to hold the property. 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 is 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 value of the property over the fair value of the property. The Company s estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions. These assumptions are generally based on management s experience in its local real estate markets and the effects of current market conditions. The assumptions are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management s assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved, and actual losses or impairments may be realized in the future.

Rental Property

Held for Sale 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. The Company generally considers assets to be held for sale when the transaction has received appropriate corporate authority, and there are no significant contingencies relating to the sale. If, in management s opinion, the estimated net sales price, net of selling costs, of the assets which have been identified as held for sale is less than the carrying value of the

assets, a valuation allowance is established.

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying value before the property was

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classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

Investments in

Unconsolidated

Joint Ventures The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting. The Company applies the equity method by initially recording these investments at cost, as Investments in Unconsolidated Joint Ventures, subsequently adjusted for equity in earnings and cash contributions and distributions. The outside basis portion of the Company s joint ventures is amortized over the anticipated useful lives of the underlying ventures tangible and intangible assets acquired and liabilities assumed. Generally, the Company would discontinue applying the equity method when the investment (and any advances) is reduced to zero and would not provide for additional losses unless the Company has guaranteed obligations of the venture or is otherwise committed to providing further financial support for the investee. If the venture subsequently generates income, the Company only recognizes its share of such income to the extent it exceeds its share of previously unrecognized losses.

If the venture subsequently makes distributions and the Company does not have an implied or actual commitment to support the operations of the venture, including a general partner interest in the investee, the Company will not record a basis less than zero, rather such amounts will be recorded as equity in earnings of unconsolidated joint ventures.

On a periodic basis, management assesses whether there are any indicators that the value of the Company s investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management s estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying value of the investment over the value of the investment. The Company s estimates of value for each investment (particularly in real estate joint ventures) are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and operating costs. As these factors are difficult to predict and are subject to future events that may alter management s assumptions, the values estimated by management in its impairment analyses may not be realized, and actual losses or impairment may be realized in the future. See Note 4: Investments in Unconsolidated Joint Ventures.

Cash and Cash

Equivalents All highly liquid investments with an original 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 over the term of the related indebtedness. Deferred financing costs are presented in the balance sheet as a direct deduction from the carrying value of the debt liability to which they relate, except deferred financing costs related to the revolving credit facility, which are presented in deferred charges, goodwill and other assets. In all cases, amortization of such costs is included in interest expense and was $1,234,000 and $945,000 for the three months ended September 30, 2016 and 2015, respectively, and $3,583,000 and $2,846,000 for the nine months ended September 30, 2016 and 2015, respectively. If a financing obligation is extinguished early, any unamortized deferred financing costs are written off and included in gains (losses) from extinguishment of debt. Included in loss from extinguishment of debt, net of gains, of $19.3 million and $6.9 million for the three and nine months ended September 30, 2016, respectively, were unamortized deferred financing costs which were written off of $346,000 for both the three and nine months ended September 30, 2016.

Deferred

Leasing Costs Costs incurred in connection with commercial 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 are compensated for providing leasing services to the Properties. The portion of such compensation related to commercial leases, which is capitalized and amortized, and included in deferred charges, goodwill and other assets, net, was approximately $790,000 and $922,000 for the three months ended September 30, 2016 and 2015, respectively, and $2,440,000 and $2,738,000 for the nine months ended September 30, 2016 and 2015, respectively.

Goodwill Goodwill represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination. Goodwill is allocated to various reporting units, as applicable. Each of the Company s segments consists of a reporting unit. Goodwill is not amortized. Management performs an annual impairment test for goodwill during the fourth quarter and between annual tests, management evaluates the

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recoverability of goodwill whenever events or changes in circumstances indicate that the carrying value of goodwill may not be fully recoverable. In its impairment tests of goodwill, management first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this assessment, management determines that the fair value of the reporting unit is not less than its carrying value, then performing the additional two-step impairment test is unnecessary. If the carrying value of goodwill exceeds its fair value, an impairment charge is recognized.

Derivative

Instruments The Company measures derivative instruments, including certain derivative instruments embedded in other contracts, at fair value and records them as an asset or liability, depending on the Company s rights or obligations under the applicable derivative contract. For derivatives designated and qualifying as fair value hedges, the changes in the fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of the derivative are reported in other comprehensive income (OCI) and are subsequently reclassified into earnings when the hedged item affects earnings. Changes in fair value of derivative instruments not designated as hedging and ineffective portions of hedges are recognized in earnings in the affected period.

Revenue

Recognition Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the cumulative amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management s estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases.

Escalations and recoveries from tenants 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 14: Tenant Leases.

Real estate services revenue includes property management, development, construction and leasing commission fees and other services, and payroll and related costs reimbursed from clients. Fee income derived from the Company s unconsolidated joint ventures (which are capitalized by such ventures) are recognized to the extent attributable to the unaffiliated ownership interests.

Parking income includes income from parking spaces leased to tenants and others.

Other income includes income from tenants for additional services arranged for by the Company and income from tenants for early lease terminations.

Allowance for

Doubtful Accounts Management performs a detailed review of amounts due from tenants to determine if an allowance for doubtful accounts is required based on factors affecting the collectability of the accounts receivable balances. The factors considered by management in determining which individual tenant receivable balances, or aggregate receivable balances, require a collectability allowance include the age of the receivable, the tenant s payment history, the nature of the charges, any communications regarding the charges and other related information. Management s estimate of the allowance for doubtful accounts requires management to exercise significant judgment about the timing, frequency and severity of collection losses, which affects the allowance and net income.

Income and

Other Taxes The General Partner 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 General Partner generally will not be subject to corporate federal income tax (including alternative minimum tax) on net income that it currently distributes to

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its shareholders, provided that the General Partner satisfies certain organizational and operational requirements including the requirement to distribute at least 90 percent of its REIT taxable income (determined by excluding any net capital gains) to its shareholders. If and to the extent the General Partner retains and does not distribute any net capital gains, the General Partner will be required to pay federal, state and local taxes, as applicable, on such net capital gains at the rate applicable to capital gains of a corporation.

The Operating Partnership is a partnership, and, as a result, all income and losses of the partnership are allocated to the partners for inclusion in their respective tax returns. Accordingly, no provision or benefit for income taxes has been made in the accompanying financial statements.

The Company has elected to treat certain of its corporate subsidiaries as taxable REIT subsidiaries (each a 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 conducted business through its TRS entities for certain property management, development, construction and other related services, as well as to hold a joint venture interest in a hotel and other matters.

As of September 30, 2016, the Company had a deferred tax asset related to its TRS activity with a balance of approximately $21.8 million which has been fully reserved for through a valuation allowance. If the General Partner fails to qualify as a REIT in any taxable year, the General Partner will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The General Partner is subject to certain state and local taxes.

Pursuant to the amended provisions related to uncertain tax provisions of ASC 740, Income Taxes, the Company recognized no material adjustments regarding its tax accounting treatment. The Company expects to recognize interest and penalties related to uncertain tax positions, if any, as income tax expense, which is included in general and administrative expense.

In the normal course of business, the Company or one of its subsidiaries is subject to examination by federal, state and local jurisdictions in which it operates, where applicable. As of September 30, 2016, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are generally from the year 2011 forward.

Earnings

Per Share

or Unit The Company presents both basic and diluted earnings per share or unit (EPS or EPU). Basic EPS or EPU excludes dilution and is computed by dividing net income available to common shareholders or unitholders by the weighted average number of shares or units outstanding for the period. Diluted EPS or EPU 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 or EPU from continuing operations amount. Shares or Units whose issuance is contingent upon the satisfaction of certain conditions shall be considered outstanding and included in the computation of diluted EPS or EPU as follows (i) if all necessary conditions have been satisfied by the end of the period (the events have occurred), those shares or units shall

be included as of the beginning of the period in which the conditions were satisfied (or as of the date of the grant, if later) or (ii) if all necessary conditions have not been satisfied by the end of the period, the number of contingently issuable shares or units included in diluted EPS or EPU shall be based on the number of shares or units, if any, that would be issuable if the end of the reporting period were the end of the contingency period (for example, the number of shares or units that would be issuable based on current period earnings or period-end market price) and if the result would be dilutive. Those contingently issuable shares or units shall be included in the denominator of diluted EPS or EPU as of the beginning of the period (or as of the date of the grant, if later).

Dividends and

Distributions

Payable The dividends and distributions payable at September 30, 2016 represents dividends payable to common shareholders (89,647,443 shares) and distributions payable to noncontrolling interest unitholders of the Operating Partnership (10,497,946 common units and 657,373 LTIP units) for all such holders of record as of October 5, 2016 with respect to the third quarter 2016. The third quarter 2016 common stock dividends and

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unit distributions of $0.15 per common share and unit were approved by the General Partner s Board of Directors on September 27, 2016 and paid on October 14, 2016.

The dividends and distributions payable at December 31, 2015 represents dividends payable to common shareholders (89,584,008 shares) and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (10,516,844 common units) for all such holders of record as of January 6, 2016 with respect to the fourth quarter 2015. The fourth quarter 2015 common stock dividends and common unit distributions of $0.15 per common share and unit were approved by the General Partner s Board of Directors on December 8, 2015 and paid on January 15, 2016.

Costs Incurred

For Stock

Issuances Costs incurred in connection with the Company s stock issuances are reflected as a reduction of additional paid-in capital.

Stock

Compensation The Company accounts for stock compensation in accordance with the provisions of ASC 718, Compensation-Stock Compensation. These provisions require that the estimated fair value of restricted stock (Restricted Stock Awards), restricted stock units (RSUs), performance share units (PSUs), long-term incentive plan awards and stock options at the grant date be amortized ratably into expense over the appropriate vesting period. The Company recorded stock compensation expense of $2,046,000 and $695,000 for the three months ended September 30, 2016 and 2015, respectively, and $4,299,000 and $1,500,000 for the nine months ended September 30, 2016 and 2015, respectively.

Other

Comprehensive

Income (Loss) Other comprehensive income (loss) includes items that are recorded in equity, such as effective portions of derivatives designated as cash flow hedges or unrealized holding gains or losses on marketable securities available for sale.

Fair Value

Hierarchy The standard Fair Value Measurements specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes

the fair value hierarchy:

- Level 1: Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2: Quoted prices for identical assets and liabilities in markets that are inactive, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly, such as interest rates and yield curves that are observable at commonly quoted intervals and

- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Discontinued

Operations In April 2014, the Financial Accounting Standards Board (FASB) issued guidance related to the reporting of discontinued operation and disclosures of disposals of components of an entity. This guidance defines a discontinued operation as a component or group of components disposed or classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity s operations and final result; the guidance states that a strategic shift could include a disposal of a major geographical area of operations, a major line of business, a major equity method investment or other major parts of an entity. The guidance also provides for additional disclosure requirements in connection with both discontinued operations and other

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dispositions not qualifying as discontinued operations. The guidance is effective for all companies for annual and interim periods beginning on or after December 15, 2014. The guidance applies prospectively to new disposals and new classifications of disposal groups as held for sale after the effective date. The Company adopted this standard effective with the interim period beginning January 1, 2014. Prior to January 1, 2014, properties identified as held for sale and/or disposed of were presented in discontinued operations.

Impact Of

Recently-Issued

Accounting

Standards In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). ASU 2014-09 is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or services. In adopting ASU 2014-09, companies may use either a full retrospective or a modified retrospective approach. Additionally, this guidance requires improved disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for the first interim period within annual reporting periods beginning after December 15, 2017, and early adoption is permitted for periods beginning after December 15, 2016. The Company is currently in the process of evaluating the impact the adoption of ASU 2014-09 will have on the Company s financial position or results of operations.

In August 2014, the FASB issued ASU 2014-15, which requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity s ability to continue as a going concern, and to provide certain disclosures when it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. ASU 2014-15 is effective for the annual period ended December 31, 2016 and for annual periods and interim periods thereafter with early adoption permitted. The adoption of ASU 2014-15 is not expected to materially impact the Company s consolidated financial statements or disclosures.

In February 2016, the FASB issued ASU 2016-02, modifying the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for in the same manner as operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The guidance is expected to impact the consolidated financial statements as the Company has certain operating and land lease arrangements for which it is the lessee. The guidance supersedes previously issued guidance under ASC Topic 840 Leases. The guidance is effective on January 1, 2019, with early adoption permitted. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on the Company s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07, which eliminates a requirement for the retroactive adjustment on a step by step basis of the investment, results of operations, and retained earnings as if the equity method had been effective during all previous periods that the investment had been held when an investment qualifies for equity method accounting due to an increase in the level of ownership or degree of influence. The cost of acquiring the additional interest in the investee is to be added to the current basis of the investor s previously held interest and the

equity method of accounting should be adopted as of the date the investment becomes qualified for equity method accounting. This guidance is to be applied on a prospective basis and is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-07 will have on the Company s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. The new guidance allows for entities to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. In addition, the guidance allows employers to withhold shares to satisfy minimum statutory tax withholding requirements up to the employees maximum individual tax rate

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without causing the award to be classified as a liability. The guidance also stipulates that cash paid by an employer to a taxing authority when directly withholding shares for tax-withholding purposes should be classified as a financing activity on the statement of cash flows. This guidance is effective for annual reporting periods beginning after December 15, 2016, and interim periods within that reporting period. Early adoption is permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-09 will have on the Company s consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 addresses eight specific cash flow issues and intends to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-15 will have on the Company s consolidated statement of cash flows.

3. RECENT TRANSACTIONS

Acquisitions

The Company acquired the following office properties during the nine months ended September 30, 2016 *(dollars in thousands)*:

Acquisition Date	Property Address	Location	# of Bldgs.	Rentable Square Feet	Acquisition Cost
04/04/16	11 Martine Avenue (a)	White Plains, New York	1	82,000	$ 10,750
04/07/16	320, 321 University Avenue (b)	Newark, New Jersey	2	147,406	23,000
06/02/16	101 Wood Avenue South (c)	Edison, New Jersey	1	262,841	82,300
07/01/16	111 River Street (c)	Hoboken, New Jersey	1	566,215	210,761
Total Acquisitions			5	1,058,462	$ 326,811

(a) Acquisition represented four units of condominium interests which collectively comprise floors 2 through 5. Upon completion of the acquisition, the Company owns the entire 14-story 262,000 square-foot building. The acquisition was funded using available cash.

(b) This acquisition was funded through borrowings under the Company s unsecured revolving credit facility.

(c) This acquisition was funded using available cash and through borrowings under the Company s unsecured revolving credit facility.

The purchase prices were preliminarily allocated to the net assets acquired, as follows *(in thousands)*:

	11 Martine Avenue	320, 321 University Avenue	101 Wood Avenue	111 River Street
Land and leasehold interest	$ 2,460	$ 7,305	$ 8,509	$ 204
Buildings and improvements	8,290	15,695	72,738	198,609
Above market leases (a)			58	617
In-place lease values (a)			6,743	43,801
Other assets				11,279
			88,048	254,510
Less: Below market lease values (a)			(5,748)	(43,749)
Net assets recorded upon acquisition	$ 10,750	$ 23,000	$ 82,300	$ 210,761

(a) Above market, in-place and below market leases will be amortized over a weighted-average term of 8.1 years.

Consolidations

On January 5, 2016, the Company, which held a 50 percent subordinated interest in the unconsolidated joint venture, Overlook Ridge Apartment Investors LLC, a 371-unit multi-family operating property located in Malden, Massachusetts, acquired the remaining interest for $39.8 million in cash plus the assumption of a first mortgage loan secured by the property with a principal balance of $52.7 million. The cash portion of the acquisition was funded primarily through borrowings under the Company s unsecured revolving credit facility. Upon acquisition, the Company consolidated the asset and accordingly, remeasured its equity interests, as required by the FASB s consolidation guidance, at fair value (based upon the income approach using current rates and market cap rates and discount rates). As a result, the Company recorded a gain on change of control of interests of $10.2 million in the nine months ended September 30, 2016. On January 19, 2016, the Company repaid the assumed loan and obtained a new loan secured by the property in the amount of $72.5 million, which bears interest at 3.625 percent and matures in February 2023. See Note 10: Mortgages, Loans Payable and Other Obligations.

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During the second quarter 2016, the Company, which held a 38.25 percent subordinate interest in the unconsolidated Portside Apartment Developers, L.L.C., a joint venture which owns a 175-unit operating multi-family property located in East Boston, Massachusetts, acquired the remaining interests of its joint venture partners for $39.6 million in cash plus the assumption of a mortgage loan secured by the property with a principal balance of $42.5 million. The cash portion of the acquisition was funded primarily through borrowings under the Company s unsecured revolving credit facility. Upon acquisition, the Company consolidated the asset and accordingly, remeasured its equity interests, as required by the FASB s consolidation guidance, at fair value (based upon the income approach using current rates and market cap rates and discount rates). As a result, the Company recorded a gain on change of control of interests of $5.2 million in the nine months ended September 30, 2016. On July 8, 2016, the Company repaid the assumed loan and obtained a new loan secured by the property in the amount of $59 million, which bears interest at 3.44 percent and matures in August 2023. See Note 10: Mortgages, Loans Payable and Other Obligations.

The purchase prices were preliminarily allocated to the net assets acquired upon consolidation, as follows *(in thousands)*:

	Overlook Ridge	Portside Apts
Land and leasehold interest	$ 11,072	$
Buildings and improvements	87,793	73,713
Furniture, fixtures and equipment	1,695	1,038
Other assets	237	10,181
In-place lease values (a)	4,389	2,637
Less: Below market lease values (a)	(489)	(242)
Sub Total	104,697	87,327
Less: Debt assumed	(52,662)	(42,500)
Net assets recorded upon consolidation	$ 52,035	$ 44,827

(a) In-place lease values and below-market lease values will be amortized over a weighted average term of 7 months.

Other Investments

On April 26, 2016, the Company acquired the remaining non-controlling interest in a development project located in Weehawken, NJ for $36.4 million. The project includes developable land for approximately 1,100 multi-family units, 290,000 square feet of office space, a 52.5 percent ownership interest in Port Imperial 4/5 Garage and Retail operating properties. The initial phase, Port Imperial South 11, a 295-unit multi-family project, began construction in the first quarter 2016.

Dispositions/Rental Property Held for Sale

The Company disposed of the following office and multi-family properties during the nine months ended September 30, 2016 *(dollars in thousands)*:

Disposition Date	Property/Address	Location	# of Bldgs.	Net Sales Proceeds	Net Book Value	Realized Gains (losses)/ Unrealized Losses, net
03/11/16	2 Independence Way (a)	Princeton, New Jersey	1	$ 4,119	$ 4,283	$ (164)
03/24/16	1201 Connecticut Avenue, NW	Washington, D.C.	1	90,591	31,827	58,764
04/26/16	125 Broad Street (b)	New York, New York	1	192,323	200,183	(7,860)
05/09/16	9200 Edmonston Road	Greenbelt, Maryland	1	4,083(c)	3,837	246
05/18/16	1400 L Street	Washington, D.C.	1	68,399(d)	30,053	38,346
07/14/16	600 Parsippany Road	Parsippany, New Jersey	1	10,465(e)	5,875	4,590
07/14/16	4,5,6 Century Drive (f)	Parsippany, New Jersey	3	14,533	17,308	(2,775)
08/11/16	Andover Place	Andover, Massachusetts	1	39,863	37,150	2,713
09/26/16	222,233 Mount Airy Road (g)	Basking Ridge, New Jersey	2	8,817	9,039	(222)
09/27/16	10 Mountainview Road	Upper Saddle River, New Jersey	1	18,990	19,571	(581)
Sub-total			13	452,183	359,126	93,057
Unrealized losses on rental property held for sale						(24,393)
Totals			13	$ 452,183	$ 359,126	$ 68,664

(a) The Company recorded an impairment charge of $3.2 million on this property during the year ended December 31, 2015.
(b) The Company recorded impairment charges of $83.2 million on this property during the year ended December 31, 2015.
(c) The Company transferred the deed for this property to the lender in satisfaction of its obligations. The Company recorded an impairment charge of $3.0 million on this property during the year ended December 31, 2012.
(d) $28.5 million of the net sales proceeds from this sale were held by a qualified intermediary until such funds are used in acquisitions.
(e) $10.5 million of the net sales proceeds from this sale were held by a qualified intermediary until such funds are used in acquisitions.
(f) The Company recorded impairment charges of $9.8 million on these properties during the year ended December 31, 2015.
(g) The Company recorded impairment charges of $1 million on these properties during the year ended December 31, 2015.

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The following table summarizes income (loss) for the three and nine month periods ended September 30, 2016 and 2015 from the properties disposed of during the nine months ended September 30, 2016 and the six properties disposed of during the year ended December 31, 2015: *(dollars in thousands)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Total revenues	$ 1,854	$ 12,934	$ 20,048	$ 47,583
Operating and other expenses	(1,709)	(7,273)	(13,374)	(25,488)
Depreciation and amortization	(2,979)	(7,798)	(11,590)	(20,061)
Interest expense	(625)	(1,241)	(2,011)	(6,621)
Income (loss) from properties disposed of	$ (3,459)	$ (3,378)	$ (6,927)	$ (4,587)
Impairments		(61,891)		(61,891)
Realized gains/unrealized Losses on dispositions	7,340	18,718	93,057	53,261
Total income (loss) from properties disposed of	$ 3,881	$ (46,551)	$ 86,130	$ (13,217)

Rental Property Held for Sale, Net

During the three months ended September 30, 2016, the Company signed agreements to sell 14 office properties totaling approximately 1.8 million square feet, subject to certain conditions, and identified them as held for sale as of September 30, 2016. The properties are located in Freehold, New Jersey, Roseland, New Jersey, Greenbelt, Maryland and Lanham, Maryland. The total estimated sales proceeds from the three separate sales are expected to be approximately $113 million. The Company determined that the carrying value of 11 of the office properties were not expected to be recovered from estimated net sales proceeds and accordingly recognized an unrealized loss allowance of $24.4 million at September 30, 2016.

The following table summarizes the rental property held for sale, net, as of September 30, 2016: *(dollars in thousands)*

	September 30, 2016
Land	$ 34,802
Buildings and improvements	165,231
Less: Accumulated depreciation	(72,842)
Less: Unrealized losses on properties held for sale	(24,393)
Rental property held for sale,net	$ 102,798

Other assets and liabilities related to the rental properties held for sale, as of September 30, 2016, include $7.6 million in deferred charges, and other assets, $5.6 million in Unbilled rents receivable, $2.9 million in Accounts payable, accrued expenses and other liabilities, and $2.8 million in Rents received in advance and security deposits. Approximately $12.5 million of these assets and $2.8 million of these liabilities are expected to be written off with the completion of the sales.

Unconsolidated Joint Venture Activity

On April 1, 2016, the Company bought out its partner PruRose Riverwalk G, L.L.C. for $11.3 million and increased its subordinated interest in Riverwalk G Urban Renewal, L.L.C. from 25 percent to 50 percent using borrowings on the Company s unsecured credit facility. Riverwalk G Urban Renewal, L.L.C., owns a 316-unit operating multi-family property located in West New York, New Jersey.

On May 26, 2016, the Company sold its 50 percent interest in Port Imperial South 15, L.L.C. (RiversEdge) and its 20 percent interest in Port Imperial South 13 Urban Renewal, L.L.C. (RiverParc), joint ventures that own the 236-unit and the 280-unit multi-family operating properties, respectively, located in Weehawken, New Jersey for $6.4 million. The Company realized a gain on the sale of $5.7 million.

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4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

As of September 30, 2016, the Company had an aggregate investment of approximately $319.8 million in its equity method joint ventures. The Company formed these ventures with unaffiliated third parties, or acquired interests in them, to develop or manage primarily office and multi-family rental properties, or to acquire land in anticipation of possible development of office and multi-family rental properties. As of September 30, 2016, the unconsolidated joint ventures owned: 36 office and two retail properties aggregating approximately 5.7 million square feet, 10 multi-family properties totaling 3,587 apartments, a 350-room hotel, development projects for up to approximately 822 apartments; and interests and/or rights to developable land parcels able to accommodate up to 4,151 apartments. The Company s unconsolidated interests range from 7.5 percent to 85 percent subject to specified priority allocations in certain of the joint ventures.

The amounts reflected in the following tables (except for the Company s share of equity in earnings) are based on the historical financial information of the individual joint ventures. The Company does not record losses of the joint ventures in excess of its investment balances unless the Company is liable for the obligations of the joint venture or is otherwise committed to provide financial support to the joint venture. The outside basis portion of the Company s investments in joint ventures is amortized over the anticipated useful lives of the underlying ventures tangible and intangible assets acquired and liabilities assumed. Unless otherwise noted below, the debt of the Company s unconsolidated joint ventures generally is non-recourse to the Company, except for customary exceptions pertaining to such matters as intentional misuse of funds, environmental conditions, and material misrepresentations.

The Company has agreed to guarantee repayment of a portion of the debt of its unconsolidated joint ventures. As of September 30, 2016, such debt had a total facility amount of $272.2 million of which the Company agreed to guarantee up to $22 million. As of September 30, 2016, the outstanding balance of such debt totaled $221.8 million of which $22 million was guaranteed by the Company. The Company performed management, leasing, development and other services for the properties owned by the unconsolidated joint ventures and recognized $0.9 million and $1.4 million for such services in the three months ended September 30, 2016 and 2015, respectively. The Company had $1.4 million and $0.8 million in accounts receivable due from its unconsolidated joint ventures as of September 30, 2016 and December 31, 2015, respectively.

Included in the Company s investments in unconsolidated joint ventures as of September 30, 2016 are four unconsolidated development joint ventures, which are VIEs for which the Company is not the primary beneficiary. These joint ventures are primarily established to develop real estate property for long-term investment and were deemed VIEs primarily based on the fact that the equity investment at risk was not sufficient to permit the entities to finance their activities without additional financial support. The initial equity contributed to these entities was not sufficient to fully finance the real estate construction as development costs are funded by the partners throughout the construction period. The Company determined that it was not the primary beneficiary of these VIEs based on the fact that the Company has shared control of these entities along with the entity s partners and therefore does not have controlling financial interests in these VIEs. The Company s aggregate investment in these VIEs was approximately $183.6 million as of September 30, 2016. The Company s maximum exposure to loss as a result of its involvement with these VIEs is estimated to be approximately $205.6 million, which includes the Company s current investment and estimated future funding commitments/guarantees of approximately $22 million. The Company has not provided financial support to these VIEs that it was not previously contractually required to provide. In general, future costs of development not financed through third party will be funded with capital contributions from the Company and its outside partners in accordance with their respective ownership percentages.

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The following is a summary of the Company s unconsolidated joint ventures as of September 30, 2016 and December 31, 2015: *(dollars in thousands, including footnotes)*

Entity / Property Name	Number of Apartment Units or Rentable Square Feet (sf)		Company s Effective Ownership % (a)	Carrying Value September 30, 2016	Carrying Value December 31, 2015	Property Debt As of September 30, 2016 Balance	Maturity Date	Interest Rate
Multi-family								
Marbella RoseGarden, L.L.C./ Marbella (b)	412	units	24.27%	$ 15,360	$ 15,569	$ 95,000	05/01/18	4.99%
RoseGarden Monaco Holdings, L.L.C./ Monaco (b)	523	units	15.00%	68	937	165,000	02/01/21	4.19%
Rosewood Morristown, L.L.C. / Metropolitan at 40 Park (b) (c)	130	units	12.50%	6,958	5,723	44,190	(d)	(d)
Riverwalk G Urban Renewal, L.L.C./ RiverTrace at Port Imperial (b) (e)	316	units	50.00%	10,464		79,067	07/15/21	6.00%(f)
Elmajo Urban Renewal Associates, LLC / Lincoln Harbor (Bldg A&C) (b)	355	units	7.50%			128,100	03/01/30	4.00%
Crystal House Apartments Investors LLC / Crystal House (g)	794	units	25.00%	30,493	28,114	165,000	04/01/20	3.17%
Roseland/Port Imperial Partners, L.P./ Riverwalk C (b) (h)	363	units	20.00%	1,678	1,678			
RoseGarden Marbella South, L.L.C./ Marbella II	311	units	24.27%	17,895	16,728	72,955	03/30/17	L+2.25%(i)
Estuary Urban Renewal Unit B, LLC / Lincoln Harbor (Bldg B) (b)	227	units	7.50%			81,900	03/01/30	4.00%
Riverpark at Harrison I, L.L.C./ Riverpark at Harrison	141	units	45.00%	2,169	2,544	30,000	08/01/25	3.70%
Capitol Place Mezz LLC / Station Townhouses	378	units	50.00%	44,103	46,267	100,700	07/01/33	4.82%
Harborside Unit A Urban Renewal, L.L.C. / URL Harborside	763	units	85.00%	99,358	96,799	142,746	08/01/29	5.197%(j)
RoseGarden Monaco, L.L.C./ San Remo Land	250	potential units	41.67%	1,385	1,339			
Grand Jersey Waterfront URA, L.L.C./ Liberty Landing	850	potential units	50.00%	337	337			
Hillsborough 206 Holdings, L.L.C./ Hillsborough 206	160,000	sf	50.00%	1,962	1,962			
Plaza VIII & IX Associates, L.L.C./ Vacant land (parking operations)	1,225,000	sf	50.00%	4,311	4,055			
Office								
Red Bank Corporate Plaza, L.L.C./ Red Bank	92,878	sf	50.00%	4,204	4,140	14,626	05/17/17	L+3.00%
12 Vreeland Associates, L.L.C./ 12 Vreeland Road	139,750	sf	50.00%	6,157	5,890	11,420	07/01/23	2.87%

BNES Associates III / Offices at Crystal Lake	106,345	sf	31.25%	2,695	2,295	5,646	11/01/23	4.76%
KPG-P 100 IMW JV, LLC / 100 Independence Mall West	339,615	sf	33.33%			72,000	09/08/18	L+5.95%(k)
Keystone-Penn	1,842,820	sf	(l)			235,124	(m)	(m)
Keystone-TriState	1,266,384	sf	(n)	2,771	3,958	218,321	(o)	(o)
KPG-MCG Curtis JV, L.L.C./ Curtis Center (p)	885,000	sf	50.00%	64,909	59,858	(q)	(q)	(q)
Other								
Roseland/North Retail, L.L.C./ Riverwalk at Port Imperial (b)	30,745	sf	20.00%	1,719	1,758			
South Pier at Harborside / Hyatt Regency Jersey City on the Hudson	350	rooms	50.00%	(r)	(r)	100,000	10/01/26	3.668%
Other (s)				811	3,506			
Totals:				$ 319,807	$ 303,457	$ 1,761,795		

(a) Company s effective ownership % represents the Company s entitlement to residual distributions after payments of priority returns, where applicable.
(b) The Company s ownership interests in this venture are subordinate to its partner s preferred capital balance and the Company is not expected to meaningfully participate in the venture s cash flows in the near term.
(c) Through the joint venture, the Company also owns a 12.5 percent interest in a 50,973 square feet retail building (Shops at 40 Park) and a 25 percent interest in a to-be-built 59-unit, five story multi-family rental development property (Lofts at 40 Park).
(d) Property debt balance consists of: (i) an amortizable loan, collateralized by the Metropolitan at 40 Park, with a balance of $37,836, bears interest at 3.25 percent, matures in September 2020; (ii) an amortizable loan, collateralized by the Shops at 40 Park, with a balance of $6,354, bears interest at 3.63 percent, matures in August 2018.
(e) During the second quarter 2016, the Company acquired the equity interests of its joint venture partner in Portside Apartment Holdings, L.L.C and PruRose Riverwalk G, L.L.C. for $39.6 million and $11.3 million, respectively, which increased its ownership to 100 percent in Portside Apartment Holdings, LLC and 50 percent in Riverwalk G Urban Renewal, L.L.C. (See Note 3: Recent Transactions Acquisitions).
(f) The loan was refinanced in October 2016. The new $82 million loan matures in October 2026 and has an interest rate of 3.21 percent.
(g) The Company also owns a 50 percent interest in a vacant land to accommodate the development of approximately 295 additional units of which 252 are currently approved.
(h) The Company also owns a 20 percent residual interest in undeveloped land parcels: parcels 6, I, and J that can accommodate the development of 836 apartment units.
(i) The construction loan has a maximum borrowing amount of $77,400 and provides, subject to certain conditions, two one-year extension options with a fee of 25 basis points for each year.
(j) The construction/permanent loan has a maximum borrowing amount of $192,000.
(k) The mortgage loan has three one-year extension options, subject to certain conditions.
(l) The Company s equity interests in the joint ventures will be subordinated to Keystone Entities receiving a 15 percent internal rate of return (IRR) after which the Company will receive a 10 percent IRR on its subordinate equity and then all profit will be split equally.
(m) Principal balance of $127,538 bears interest at 5.114 percent and matures on August 27, 2023; principal balance of $45,500 bears interest at 5.01 percent and matures on September 6, 2025; principal balance of $17,911 bears interest at 8.0 percent and matures on October 31, 2016; principal balance of $22,500 bears interest at LIBOR+5.2 percent t and matures on August 31, 2019; principal balance of $11,250 bears interest at LIBOR+5.5 percent and matures on January 9, 2019; principal balance of $10,425 bears interest at LIBOR+6.0 percent matures on August 27, 2017.
(n) Includes the Company s pari-passu interests of $2.8 million in five properties and Company s subordinated equity interests to Keystone Entities receiving a 15 percent internal rate of return (IRR) after which the Company will receive a 10 percent IRR on its subordinate equity and then all profit will be split equally.
(o) Principal balance of $47,500 bears interest at 5.38 percent and matures on July 1, 2017; principal balance of $78,121 bears interest at rates ranging from 5.65 percent to 6.75 percent and matures on September 9, 2017; principal balance of $14,250 bears interest at 4.88 percent and matures on July 6, 2024; principal balance of $63,400 bears interest at 4.93 percent and matures on July 6, 2044; principal balance of $15,050 bears interest at 4.71 percent and matures on August 6, 2044.
(p) Includes undivided interests in the same manner as investments in noncontrolling partnership, pursuant to ASC 970-323-25-12.
(q) See Note 10: Mortgages, Loans Payable and Other Obligations for debt secured by interests in these assets.
(r) The negative carrying value for this venture of $3,317 as of December 31, 2015, was included in accounts payable, accrued expenses and other liabilities.
(s) The Company owns other interests in various unconsolidated joint ventures, including interests in assets previously owned and interest in ventures whose businesses are related to its core operations. These ventures are not expected to significantly impact the Company s

operations in the near term.

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The following is a summary of the Company s equity in earnings (loss) of unconsolidated joint ventures for the three and nine months ended September 30, 2016 and 2015: *(dollars in thousands)*

Entity / Property Name	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Multi-family				
Marbella RoseGarden, L.L.C./ Marbella	$ 76	$ 64	$ 208	$ 186
RoseGarden Monaco Holdings, L.L.C./ Monaco	(277)	(295)	(869)	(924)
Rosewood Morristown, L.L.C. / Metropolitan at 40 Park	(76)	(93)	(239)	(277)
Riverwalk G Urban Renewal, L.L.C./ RiverTrace at Port Imperial	(594)	(151)	(1,189)	(681)
Elmajo Urban Renewal Associates, LLC / Lincoln Harbor (Bldg A&C)				
Crystal House Apartments Investors LLC / Crystal House	(99)	(44)	(321)	(41)
Roseland/Port Imperial Partners, L.P./ Riverwalk C	(36)	(85)	(36)	(394)
RoseGarden Marbella South, L.L.C./ Marbella II	105		(202)	
Estuary Urban Renewal Unit B, LLC / Lincoln Harbor (Bldg B)				
Riverpark at Harrison I, L.L.C./ Riverpark at Harrison	(43)	(54)	(173)	(377)
Capitol Place Mezz LLC / Station Townhouses	(500)	(1,454)	(1,995)	(2,642)
Harborside Unit A Urban Renewal, L.L.C. / URL Harborside	(42)		(60)	
RoseGarden Monaco, L.L.C./ San Remo Land				
Grand Jersey Waterfront URA, L.L.C./ Liberty Landing		(12)	(60)	(32)
Hillsborough 206 Holdings, L.L.C./ Hillsborough 206	(22)		(53)	(5)
Plaza VIII & IX Associates, L.L.C./ Vacant land (parking operations)	81	102	256	258
Office				
Red Bank Corporate Plaza, L.L.C./ Red Bank	111	110	321	332
12 Vreeland Associates, L.L.C./ 12 Vreeland Road	74	38	266	110
BNES Associates III / Offices at Crystal Lake	109	13	(68)	133
KPG-P 100 IMW JV, LLC / 100 Independence Mall West		(37)		(800)
Keystone-Penn	150	3,663	450	3,663
Keystone-TriState	(518)	(173)	(1,186)	(1,763)
KPG-MCG Curtis JV, L.L.C./ Curtis Center	113	327	518	755
Other				
Roseland/North Retail, L.L.C./ Riverwalk at Port Imperial	(14)	(17)	(39)	(52)
South Pier at Harborside / Hyatt Regency Jersey City on the Hudson	22,447	1,151	23,267	1,934
Other	745	82	826	(2,106)
Company s equity in earnings (loss) of unconsolidated joint ventures	$ 21,790	$ 3,135	$ 19,622	$ (2,723)

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of September 30, 2016 and December 31, 2015: *(dollars in thousands)*

	September 30, 2016		
	Harborside South Pier	Other JV s	Combined Total
Assets:			
Rental property, net	$ 41,161	$ 1,684,502	$ 1,725,663
Other assets	17,959	250,274	268,233
Total assets	$ 59,120	$ 1,934,776	$ 1,993,896
Liabilities and partners members capital:			
Mortgages and loans payable	$ 100,000	$ 1,235,918	$ 1,335,918
Other liabilities	4,985	226,086	231,071
Partners /members capital	(45,865)	472,772	426,907

Total liabilities and partners /members capital	$ 59,120	$ 1,934,776	$ 1,993,896
Company s net investment in unconsolidated joint ventures	$	$ 319,807	$ 319,807

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	December 31, 2015		
	Harborside South Pier	Other JV s	Combined Total
Assets:			
Rental property, net	$ 44,925	$ 1,736,696	$ 1,781,621
Other assets	15,249	291,751	307,000
Total assets	$ 60,174	$ 2,028,447	$ 2,088,621
Liabilities and partners members capital:			
Mortgages and loans payable	$ 63,741	$ 1,234,552	$ 1,298,293
Other liabilities	5,481	210,470	215,951
Partners /members capital	(9,048)	583,425	574,377
Total liabilities and partners /members capital	$ 60,174	$ 2,028,447	$ 2,088,621
Company s net investment in unconsolidated joint ventures	$	$ 303,457	$ 303,457

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 three and nine month periods ended September 30, 2016 and 2015:

	Three Months Ended September 30, 2016		
	Harborside South Pier	Other JV s	Combined Total
Total revenues	$ 11,262	$ 78,808	$ 90,070
Operating and other expenses	(7,248)	(56,411)	(63,659)
Depreciation and amortization	(1,499)	(14,825)	(16,324)
Interest expense	(1,036)	(12,236)	(13,272)
Net income	$ 1,479	$ (4,664)	$ (3,185)
Company s equity in earnings of unconsolidated joint ventures	$ 22,447	$ (657)	$ 21,790

	Three Months Ended September 30, 2015		
	Harborside South Pier	Other JV s	Combined Total
Total revenues	$ 12,390	$ 70,196	$ 82,586
Operating and other expenses	(7,580)	(48,389)	(55,969)
Depreciation and amortization	(1,501)	(15,322)	(16,823)
Interest expense	(1,008)	(13,614)	(14,622)
Net income	$ 2,301	$ (7,129)	$ (4,828)
Company s equity in earnings of unconsolidated joint ventures	$ 1,151	$ 1,984	$ 3,135

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	Nine Months Ended September 30, 2016		
	Harborside South Pier	Other JV s	Combined Total
Total revenues	$ 30,973	$ 223,412	$ 254,385
Operating and other expenses	(20,356)	(154,320)	(174,676)
Depreciation and amortization	(4,478)	(47,612)	(52,090)
Interest expense	(3,020)	(37,716)	(40,736)
Net income	$ 3,119	$ (16,236)	$ (13,117)
Company s equity in earnings of unconsolidated joint ventures	$ 23,267	$ (3,645)	$ 19,622

	Nine Months Ended September 30, 2015		
	Harborside South Pier	Other JV s	Combined Total
Total revenues	$ 31,815	$ 206,323	$ 238,138
Operating and other expenses	(20,306)	(148,972)	(169,278)
Depreciation and amortization	(4,589)	(47,043)	(51,632)
Interest expense	(3,051)	(36,229)	(39,280)
Net income	$ 3,869	$ (25,921)	$ (22,052)
Company s equity in earnings of unconsolidated joint ventures	$ 1,934	$ (4,657)	$ (2,723)

Recent Transactions

The South Pier at Harborside venture had a $59.1 million mortgage loan collateralized by the hotel property, which bore interest at a rate of 6.15 percent and was scheduled to mature in November 2016. The venture also had a $3.0 million loan with the City of Jersey City, provided by the U.S. Department of Housing and Urban Development (HUD loan), which was guaranteed by the Company, half of which was indemnified by the venture partner. On September 14, 2016, the venture refinanced the mortgage loan and repaid in full the HUD loan, eliminating the previous guarantee which had caused the Company to carry this investment at a negative balance. The Company recorded this reversal through equity in earnings for the three months ended September 30, 2016.

The new loan, with a balance of $100.0 million at September 30, 2016, bears interest at a rate of 3.668 percent and matures in October 2026. In connection with the refinancing, the venture distributed $35.7 million of the loan proceeds, of which the Company s share was $17.8 million. Due to the fact that the Company s equity basis in this investment was now held at zero, $17.8 million was recognized as equity in earnings for the three and nine months ended September 30, 2016. The Company has no obligations to fund future venture losses nor has any guarantees on the joint venture s current debt.

5. DEFERRED CHARGES, GOODWILL AND OTHER ASSETS, NET

(dollars in thousands)	September 30, 2016	December 31, 2015
Deferred leasing costs	$ 230,718	$ 239,690
Deferred financing costs - revolving credit facility (a)	5,359	5,394
	236,077	245,084
Accumulated amortization	(107,982)	(118,014)
Deferred charges, net	128,095	127,070
Notes receivable (b)	13,313	13,496

In-place lease values, related intangibles and other assets, net		77,656		10,931
Goodwill (c)		2,945		2,945
Prepaid expenses and other assets, net (d)		81,645		49,408
Total deferred charges, goodwill and other assets, net	$	303,654	$	203,850

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(a) Pursuant to recently issued accounting standards, deferred financing costs related to all other debt liabilities (other than for the revolving credit facility) are classified to net against those debt liabilities for all periods presented. See Note 2: Significant Accounting Policies Deferred Financing Costs.

(b) Includes as of September 30, 2016: a mortgage receivable for $10.4 million which bears interest at LIBOR plus six percent and matures in August 2017; and an interest-free note receivable with a net present value of $2.9 million and matures in April 2023. The Company believes these balances are fully collectible.

(c) All goodwill is attributable to the Company s Multi-family Services segment.

(d) Includes as of September 30, 2016, $39.0 million of proceeds from property sales held by a qualified intermediary.

DERIVATIVE FINANCIAL INSTRUMENTS

Cash Flow Hedges of Interest Rate Risk

The Company s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. As of September 30, 2016, the Company had outstanding interest rate swaps with a combined notional value of $350 million that were designated as cash flow hedges of interest rate risk. During the nine months ending September 30, 2016, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the three and nine months ended September 30, 2016, the Company recorded ineffectiveness gain of $1,012,000 and zero, respectively, which is included in interest and other investment income (loss) in the consolidated statements of operations, attributable to a floor mismatch in the underlying indices of the derivatives and the hedged interest payments made on its variable-rate debt. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company s variable-rate debt. During the next 12 months, the Company estimates that an additional $2.7 million will be reclassified as an increase to interest expense.

Undesignated Cash Flow Hedges of Interest Rate Risk

Interest rate caps not designated as hedges are not speculative and are used to manage the Company s exposure to interest rate movements but do not meet the strict hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. The Company recognized expenses of zero and $12,000 for the three months ended September 30, 2016 and 2015, respectively and $2,000 and $92,000 during the nine months ended September 30, 2016 and 2015, respectively, which is included in interest and other investment income (loss) in the consolidated statements of operations.

The table below presents the fair value of the Company s derivative financial instruments as well as their classification on the Balance Sheet as of September 30, 2016 and December 31, 2015. *(dollars in thousands)*

	Fair Value		
Liability Derivatives designated as hedging instruments	**September 30, 2016**	**December 31, 2015**	**Balance sheet location**
Interest rate swaps	$ 7,528	$	Accounts payable, accrued expenses and other liabilities
Asset Derivatives not designated as hedging instruments			
Interest rate caps	$	$ 2	Deferred charges, goodwill and other assets

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The table below presents the effect of the Company s derivative financial instruments on the Income Statement for the three and nine months ending September 30, 2016 and 2015. *(dollars in thousands)*

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) 2016	2015	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) 2016	2015	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion, Reclassification for Forecasted Transactions No Longer Probable of Occurring and Amount Excluded from Effectiveness Testing) 2016	2015
Three months ended September 30,								
Interest rate swaps	$ 866	$	Interest expense	$ 860	$	Interest and other investment income (loss)	$ 1,012	$
Nine months ended September 30,								
Interest rate swaps	$ (10,128)	$	Interest expense	$ 2,600	$	Interest and other investment income (loss)	$	$

Credit-risk-related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company s default on the indebtedness. As of September 30, 2016, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $8.0 million. As of September 30, 2016, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions at September 30, 2016, it could have been required to settle its obligations under the agreements at their termination value of $8.0 million.

6. RESTRICTED CASH

Restricted cash generally includes tenant and resident security deposits for certain of the Company s 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: *(dollars in thousands)*

	September 30, 2016	December 31, 2015
Security deposits	$ 8,872	$ 7,785
Escrow and other reserve funds	45,912	27,558
Total restricted cash	$ 54,784	$ 35,343

7. SENIOR UNSECURED NOTES

On September 12, 2016, the Company commenced a tender offer to purchase for cash any and all of its $250 million principal amount, 7.750 percent Senior Unsecured Notes due August 15, 2019, subject to certain terms and conditions. On September 19, 2016, the Company purchased approximately $114.9 million principal amount of these notes validly tendered pursuant to its tender offer. The purchase price, including a make-whole premium, was 115.977 percent of the face amount of these notes, plus all accrued and unpaid interest up to the settlement date. The Company funded the purchase price, including accrued and unpaid interest, of approximately $134.1 million using available cash and borrowings on the Company s unsecured revolving credit facility. In connection with the purchase of these notes, the Company recorded approximately $19.3 million as a loss from extinguishment of debt for the three and nine months ended September 30, 2016.

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A summary of the Company s senior unsecured notes as of September 30, 2016 and December 31, 2015 is as follows: *(dollars in thousands)*

	September 30, 2016	December 31, 2015	Effective Rate (1)
5.800% Senior Unsecured Notes, due January 15, 2016 (2)		$ 200,000	5.806%
2.500% Senior Unsecured Notes, due December 15, 2017	$ 250,000	250,000	2.803%
7.750% Senior Unsecured Notes, due August 15, 2019 (3)	135,136	250,000	8.017%
4.500% Senior Unsecured Notes, due April 18, 2022	300,000	300,000	4.612%
3.150% Senior Unsecured Notes, due May 15, 2023	275,000	275,000	3.517%
Principal balance outstanding	960,136	1,275,000	
Adjustment for unamortized debt discount	(5,013)	(6,156)	
Unamortized deferred financing costs	(3,848)	(5,062)	
Total senior unsecured notes, net	$ 951,275	$ 1,263,782	

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

(2) On January 15, 2016, the Company repaid these notes at their maturity using proceeds from a new unsecured term loan and borrowings under the Company s unsecured revolving credit facility.

(3) On September 19, 2016, the Company purchased $114.9 million principal amount of these notes pursuant to its tender offer. See summary above.

The terms of the Company s 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. The Company was in compliance with its debt covenants under the indenture relating to its senior unsecured notes as of September 30, 2016.

8. UNSECURED TERM LOAN

On January 7, 2016, the Company obtained a new $350 million unsecured term loan, which matures in January 2019 with two one-year extension options. The interest rate for the new term loan is currently 140 basis points over LIBOR, subject to adjustment on a sliding scale based on the Operating Partnership s unsecured debt ratings, or at the Company s option, a defined leverage ratio. The Company entered into interest rate swap arrangements to fix LIBOR for the duration of the term loan. Including costs, the current all-in fixed rate is 3.13 percent. The proceeds from the loan were used primarily to repay outstanding borrowings on the Company s unsecured revolving credit facility and to repay the Company s $200 million, 5.8 percent senior unsecured notes that matured on January 15, 2016. As of September 30, 2016 and December 31, 2015, there was $2,170,000 and zero of unamortized deferred financing costs related to this debt.

The interest rate on the unsecured term loan is based upon the Operating Partnership s unsecured debt ratings, as follows:

Operating Partnership s Unsecured Debt Ratings: Higher of S&P or Moody s	Interest Rate - Applicable Basis Points Above LIBOR
No ratings or less than BBB-/Baa3	185.0
BBB- or Baa3 (current interest rate based on Company s election)	140.0
BBB or Baa2	115.0
BBB+ or Baa1	100.0
A- or A3 or higher	90.0

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If the Company elected to use the defined leverage ratio, the interest rate under the unsecured term loan would be based on the following total leverage ratio grid:

Total Leverage Ratio	Interest Rate - Applicable Basis Points above LIBOR
<45%	145
≥45% and <50% (current ratio)	155
≥50% and <55%	165
≥55%	195

The terms of the unsecured term loan include certain restrictions and covenants which limit, among other things the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the term loan described below, or (ii) the property dispositions are completed while the Company is under an event of default under the term loan, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio (60 percent), the maximum amount of secured indebtedness (40 percent), the minimum amount of fixed charge coverage (1.5 times), the maximum amount of unsecured indebtedness (60 percent), the minimum amount of unencumbered property interest coverage (2.0 times) and certain investment limitations (generally 15 percent of total capitalization). If an event of default has occurred and is continuing, the Company will not make any excess distributions except to enable the General Partner to continue to qualify as a REIT under the Code. The Company was in compliance with its debt covenants under its unsecured term loan as of September 30, 2016.

9. UNSECURED REVOLVING CREDIT FACILITY

The Company has a $600 million unsecured revolving credit facility with a group of 17 lenders. The facility is expandable to $1 billion and matures in July 2017. It has two six-month extension options each requiring the payment of a 7.5 basis point fee. The interest rate on outstanding borrowings (not electing the Company s competitive bid feature) and the facility fee on the current borrowing capacity payable quarterly in arrears are based upon the Operating Partnership s unsecured debt ratings, as follows:

Operating Partnership s Unsecured Debt Ratings: Higher of S&P or Moody s	Interest Rate - Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3	170.0	35.0
BBB- or Baa3 (current)	130.0	30.0
BBB or Baa2	110.0	20.0
BBB+ or Baa1	100.0	15.0
A- or A3 or higher	92.5	12.5

The facility has a competitive bid feature, which allows the Company to solicit bids from lenders under the facility to borrow up to $300 million at interest rates less than those above.

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio (60 percent), the maximum amount of secured indebtedness (40 percent), the minimum amount of fixed charge coverage (1.5 times), the maximum amount of unsecured indebtedness (60 percent), the minimum amount of unencumbered property interest coverage (2.0 times) and certain investment limitations (generally 15 percent of total capitalization). If an event of default has occurred and is continuing, the Company will not make any excess distributions except to enable the General Partner to continue to qualify as a REIT under the Code. The Company was in compliance with its debt covenants under its revolving credit facility as of September 30, 2016.

As of September 30, 2016 and December 31, 2015, the Company had outstanding borrowings of $95 million and $155 million, respectively, under its unsecured revolving credit facility.

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10. MORTGAGES, LOANS PAYABLE AND OTHER OBLIGATIONS

The Company has mortgages, loans payable and other obligations which primarily consist of various loans collateralized by certain of the Company s rental properties, land and development projects. As of September 30, 2016, 21 of the Company s properties, with a total carrying value of approximately $1.2 billion, and three of the Company s development projects, with a total carrying value of approximately $146 million, are encumbered by the Company s mortgages and loans payable. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only. Except as noted below, the Company was in compliance with its debt covenants under its mortgages and loans payable as of September 30, 2016.

A summary of the Company s mortgages, loans payable and other obligations as of September 30, 2016 and December 31, 2015 is as follows:
(dollars in thousands)

Property/Project Name	Lender	Effective Rate (a)	September 30, 2016	December 31, 2015	Maturity
Port Imperial South (b)	Wells Fargo Bank N.A.	LIBOR+1.75%		$ 34,962	
6 Becker, 85 Livingston, 75 Livingston & 20 Waterview (c)	Wells Fargo CMBS	10.260%		63,279	
9200 Edmonston Road (d)	Principal Commercial Funding L.L.C.	9.780%		3,793	
4 Becker	Wells Fargo CMBS	11.260%	$ 40,180	40,631	05/11/16(e)
Various (f)	Prudential Insurance	6.332%	141,894	143,513	01/15/17
150 Main St. (g)	Webster Bank	LIBOR+2.35%	25,159	10,937	03/30/17
Curtis Center (h)	CCRE & PREFG	LIBOR+5.912%(i)	75,000	64,000	10/09/17
23 Main Street	JPMorgan CMBS	5.587%	28,020	28,541	09/01/18
Port Imperial 4/5 Hotel (j)	Fifth Third Bank & Santander	LIBOR+4.50%	8,311		10/06/18
Harborside Plaza 5	The Northwestern Mutual Life Insurance Co. & New York Life Insurance Co.	6.842%	214,690	217,736	11/01/18
Chase II (k)	Fifth Third Bank	LIBOR+2.25%	23,599		12/15/18
100 Walnut Avenue	Guardian Life Insurance Co.	7.311%	18,058	18,273	02/01/19
One River Center (l)	Guardian Life Insurance Co.	7.311%	41,367	41,859	02/01/19
Park Square	Wells Fargo Bank N.A.	LIBOR+1.872%(m)	27,500	27,500	04/10/19
Port Imperial South 11 (n)	JPMorgan Chase	LIBOR+2.35%	7,136		11/24/19
Port Imperial South 4/5 Retail	American General Life & A/G PC	4.559%	4,000	4,000	12/01/21
The Chase at Overlook Ridge	New York Community Bank	3.740%	72,500		02/01/23
Portside 7 (o)	CBRE Capital Markets/ FreddieMac	3.569%	58,998		08/01/23
101 Hudson (p)	Wells Fargo CMBS	3.197%(q)	250,000		10/11/26
Port Imperial South 4/5 Garage	American General Life & A/G PC	4.853%	32,600	32,600	12/01/29
Principal balance outstanding			1,069,012	731,624	
				(548)	

Adjustment for unamortized debt discount				
Unamortized deferred financing costs		(7,808)		(4,465)
Total mortgages, loans payable and other obligations, net	$	1,061,204	$	726,611

(a) Reflects effective rate of debt, including deferred financing costs, comprised of the cost of terminated treasury lock agreements (if any), debt initiation costs, mark-to-market adjustment of acquired debt and other transaction costs, as applicable.
(b) On January 19, 2016, the loan was repaid in full at maturity, using borrowings from the Company s revolving credit facility.
(c) On April 22, 2016, the loan was repaid at a discount for $51.5 million, using borrowings from the Company s revolving credit facility. Accordingly, the Company recognized a gain on extinguishment of debt of $12.4 million, which is included in loss on extinguishment of debt, net.
(d) On May 5, 2016, the Company transferred the deed for 9200 Edmonston Road to the lender in satisfaction of its obligations and recorded a gain of $0.2 million.
(e) The Company has begun discussions with the lender regarding the past due maturity of the loan.
(f) Mortgage is cross collateralized by seven properties. The Company has agreed, subject to certain conditions, to guarantee repayment of $61.1 million of the loan.
(g) This construction loan has a maximum borrowing capacity of $28.8 million.
(h) The Company owns a 50 percent tenants-in-common interest in the Curtis Center property. The Company s $75 million loan consists of its 50 percent interest in a $102 million senior loan with a current rate of 3.8191 percent at September 30, 2016 and its 50 percent interest in a $48 million mezzanine loan with a current rate of 10.025 percent at September 30, 2016. The senior loan rate is based on a floating rate of one-month LIBOR plus 329 basis points and the mezzanine loan rate is based on a floating rate of one-month LIBOR plus 950 basis points. The Company has entered into LIBOR caps for the periods of the loans. In October 2016, the first of three one-year extension options was exercised by the venture.
(i) The effective interest rate includes amortization of deferred financing costs of 1.362 percent.
(j) This construction loan has a maximum borrowing capacity of $94 million.
(k) This construction loan has a maximum borrowing capacity of $48 million.
(l) Mortgage is collateralized by the three properties comprising One River Center.
(m) The effective interest rate includes amortization of deferred financing costs of 0.122 percent.
(n) This constuction loan has a maximum borrowing capacity of $78 million.

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(o) This mortgage loan was obtained by the Company in July 2016 to replace a $42.5 million mortgage loan that was in place at the property acquisition date of April 1, 2016.
(p) This mortgage loan was obtained by the Company on September 30, 2016. $19.2 million of the mortgage loan principal was placed in escrow accounts directly by the lender at the loan closing.
(q) The effective interest rate includes amortization of deferred financing costs of 0.0798 percent.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the nine months ended September 30, 2016 and 2015 was $89,617,000 and $85,019,000, respectively. Interest capitalized by the Company for the nine months ended September 30, 2016 and 2015 was $14,436,000 and $11,744,000, respectively (which amounts included $3,937,000 and $3,769,000 for the nine months ended September 30, 2016 and 2015, respectively, of interest capitalized on the Company s investments in unconsolidated joint ventures which were substantially in development).

SUMMARY OF INDEBTEDNESS

As of September 30, 2016, the Company s total indebtedness of $2,474,148,000 (weighted average interest rate of 4.48 percent) was comprised of $261,706,000 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 3.75 percent) and fixed rate debt and other obligations of $2,212,442,000 (weighted average rate of 4.56 percent).

As of December 31, 2015, the Company s total indebtedness of $2,154,920,000 (weighted average interest rate of 5.22 percent) was comprised of $292,399,000 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 2.81 percent) and fixed rate debt and other obligations of $1,862,521,000 (weighted average rate of 5.60 percent).

11. EMPLOYEE BENEFIT 401(k) PLANS

Employees of the General Partner, who meet certain minimum age and service requirements, are eligible to participate in the Mack-Cali Realty Corporation 401(k) Savings/Retirement Plan (the 401(k) Plan). Eligible employees may elect to defer from one percent up to 60 percent of their annual compensation on a pre-tax basis to the 401(k) Plan, subject to certain limitations imposed by federal law. The amounts contributed by employees are immediately vested and non-forfeitable. The Company may make discretionary matching or profit sharing contributions to the 401(k) Plan on behalf of eligible participants in any plan year. Participants are always 100 percent vested in their pre-tax contributions and will begin vesting in any matching or profit sharing contributions made on their behalf after two years of service with the Company at a rate of 20 percent per year, becoming 100 percent vested after a total of six years of service with the Company. All contributions are allocated as a percentage of compensation of the eligible participants for the Plan year. The assets of the 401(k) Plan are held in trust and a separate account is established for each participant. A participant may receive a distribution of his or her vested account balance in the 401(k) Plan in a single sum or in installment payments upon his or her termination of service with the Company. Total expense recognized by the Company for the 401(k) Plan for the three months ended September 30, 2016 and 2015 was $254,000 and zero, respectively, and $746,000 and zero for the nine months ended September 30, 2016 and 2015, respectively.

12. DISCLOSURE OF FAIR VALUE OF ASSETS AND LIABILITIES

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable judgment 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 assets and liabilities at September 30, 2016 and December 31, 2015. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, receivables, notes receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values as of September 30, 2016 and December 31, 2015.

The fair value of the Company s long-term debt, consisting of senior unsecured notes, an unsecured term loan, an unsecured revolving credit facility and mortgages, loans payable and other obligations aggregated approximately $2,483,897,000 and $2,150,507,000 as compared to the book value of approximately $2,455,309,000 and $2,145,393,000 as of September 30, 2016 and December 31, 2015, respectively. The fair value of the Company s long-term debt was categorized as a level 3 basis (as provided by ASC 820, Fair Value Measurements and Disclosures). The fair value was estimated using a discounted cash flow analysis valuation based on the borrowing rates currently available to the Company for loans with similar terms and maturities. The fair value of the mortgage debt and the unsecured notes was determined by discounting the future contractual interest and principal payments by a market rate. Although the Company has determined that the majority of the inputs used to value its derivative financial instruments fall within level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivative financial instruments utilize level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. The Company has assessed the

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significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivative financial instruments. As a result, the Company has determined that its derivative financial instruments valuations in their entirety are classified in level 2 of the fair value hierarchy.

The fair value measurements used in the evaluation of the Company s rental properties are considered to be Level 3 valuations within the fair value hierarchy, as there are significant unobservable inputs. Examples of inputs utilized in the fair value calculations include estimated holding periods, discount rates, market capitalization rates, expected lease rental rates, and third party broker information. For rental properties identified as held for sale, fair value measurements used represent estimated fair value of properties, less selling costs, based on contract prices when available.

The valuation techniques and significant unobservable inputs used for the Company s Level 3 fair value measurements at September 30, 2015 were as follows:

Description	Fair Value at September 30, 2015	Primary Valuation Techniques	Unobservable Inputs	Location Type	Range of Rates
Properties held and used on which the Company recognized impairment losses	$ 438,606,000	Discounted cash flows	Discount rate	Suburban	8% - 15%
				Central Business District	6% - 8%
			Exit Capitalization rate	Suburban	7.5% - 9%
				Central Business District	4.6% - 5.75%

Disclosure about fair value of assets and liabilities is based on pertinent information available to management as of September 30, 2016 and December 31, 2015. 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 September 30, 2016 and current estimates of fair value may differ significantly from the amounts presented herein.

13. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

Pursuant to agreements with certain municipalities, the Company is required to make payments in lieu of property taxes (PILOT) on certain of its properties and has tax abatement agreements on other properties, as follows:

The Harborside Plaza 4-A agreement with the City of Jersey City, as amended, which commenced in 2002, is for a term of 20 years. The annual PILOT is equal to two percent of Total Project Costs, as defined. Total Project Costs are $49.5 million. The PILOT totaled $279,000 and $247,000 for the three months ended September 30, 2016 and 2015, respectively, and $798,000 and $742,000 for the nine months ended September 30, 2016 and 2015, respectively.

The Harborside Plaza 5 agreement, also with the City of Jersey City, as amended, which commenced in 2002, is for a term of 20 years. The annual PILOT is equal to two percent of Total Project Costs, as defined. Total Project Costs are $170.9 million. The PILOT totaled $1.1 million and $854,000 for the three months ended September 30, 2016 and 2015, respectively, and $2.9 million and $2.6 million for the nine months ended September 30, 2016 and 2015, respectively.

The Port Imperial 4/5 Garage development project agreement with the City of Weehawken has a term of five years beginning when the project is substantially complete, which occurred in the third quarter of 2013. The agreement provides that real estate taxes be paid initially on the land value of the project only and allows for a phase in of real estate taxes on the value of the improvements at zero percent year one and 80 percent in years two through five.

The Port Imperial South 1/3 Garage development project agreement with the City of Weehawken has a term of five years beginning when the project is substantially complete, which occurred in the fourth quarter of 2015. The agreement provides that real estate taxes be paid at 100 percent on the land value of the project only over the five year period and allows for a phase in of real estate taxes on the building improvement value at zero percent in year one and 95 percent in years two through five.

The Port Imperial Hotel development project agreement with the City of Weehawken is for a term of 15 years following substantial completion, which is anticipated to be in the first quarter 2018. The annual PILOT is equal to two percent of Total Project Costs, as defined.

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The Port Imperial South 11 development project agreement with the City of Weehawken is for a term of 15 years following substantial completion, which is anticipated to be in the first quarter 2018. The annual PILOT is equal to 10 percent of Gross Revenues, as defined.

The 111 River Realty agreement with the City of Hoboken, which commenced on October 1, 2001 expires in April 2022. The PILOT payment equals $1,227,708 annually through April 2017 and then increases to $1,406,064 annually until expiration. The PILOT totaled $306,927 for the three months ended September 30, 2016.

At the conclusion of the above-referenced agreements, it is expected that the properties will be assessed by the municipality and be subject to real estate taxes at the then prevailing rates.

LITIGATION

The Company is a defendant in litigation arising in the normal course of its business activities. Management does not believe that the ultimate resolution of these matters will have a materially adverse effect upon the Company s financial condition taken as whole.

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 September 30, 2016, are as follows: *(dollars in thousands)*

Year		Amount
October 1 through December 31, 2016	$	320
2017		2,024
2018		1,989
2019		1,999
2020		2,015
2021 through 2084		172,264
Total	$	180,611

Ground lease expense incurred by the Company amounted to $538,000 and $102,000 during the three months ended September 30, 2016 and 2015, respectively, and $767,000 and $305,000 during the nine months ended September 30, 2016 and 2015, respectively.

CONSTRUCTION PROJECTS

The Company owns a 76.25 percent interest in a consolidated joint venture which is constructing a 108-unit multi-family development rental property located in Eastchester, New York (the Eastchester Project). The project is expected to be ready for occupancy in the fourth quarter of 2016. The Eastchester Project is estimated to cost a total of $53.1 million (of which development costs of $49.4 million have been incurred through September 30, 2016). The venture has a $28.8 million construction loan (with $25.2 million outstanding as of September 30, 2016). The Company expects to fund costs of approximately $24 million for the development of the project (of which, as of September 30, 2016, the Company has funded $20.1 million of the development costs and estimates it will need to fund an additional $3.9 million for the completion of the project).

On April 1, 2015, the Company acquired vacant land in Worcester, Massachusetts to accommodate a two-phase development of the CitySquare Project for a purchase price of $3.1 million with an additional $1.25 million to be paid (which is accrued as of September 30, 2016), subject to certain conditions, in accordance with the terms of the purchase and sale agreement. The first phase with 237 units started construction in the third quarter 2015 with anticipated initial deliveries in the fourth quarter 2017. The second phase with 128 units started construction in the third quarter 2016 with anticipated initial deliveries in the third quarter 2018. The Company has a construction loan with a maximum borrowing amount of $41.5 million and has received a term sheet to increase the loan to $58 million related to the construction of the second phase (with no outstanding balance as of September 30, 2016). Total development costs for both phases are estimated to be approximately $90.5 million (of which $23.9 million was incurred by the Company through September 30, 2016 and estimates it will need to fund an additional $8.6 million for the completion of the project).

On October 6, 2015, the Company entered into a joint venture partnership with XS Port Imperial Hotel, LLC (XS) to form XS Hotel Urban Renewal Associates LLC (XS Hotel URA) for the development and ownership of a 372-key dual branded hotel property located in Weehawken, New Jersey (Port Imperial Hotel). Concurrently, the Company and XS entered into a separate joint venture partnership to form XS Hotel Associates, L.L.C. (XS Hotel) for the management and operations of the completed hotel development. The Company holds a 90 percent interest and XS holds the remaining 10 percent interest in the consolidated joint ventures, XS Hotel URA and XS Hotel, with the Company having full and complete authority, power, and discretion to manage and control the ventures business, affairs, and property. The construction of the Port Imperial Hotel is estimated to cost a total of $105.9 million. The venture has a $94 million construction loan (with $8.3 million outstanding as of September 30, 2016). As of

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September 30, 2016, the Company incurred development costs of $8.4 million and will not need to fund additional costs for the completion of the project.

The Company owns developable land to accommodate a multi-phase development project of approximately 1,034-unit multi-family rental property located in Malden, Massachusetts. The initial phase commenced construction of 292 units in the third quarter of 2015 (the Chase II Project). The Chase II project is estimated to cost a total of $74.9 million (of which the Company has funded $26.9 million through September 30, 2016) and is expected to be ready for occupancy by fourth quarter of 2016. The Company has a construction loan with a maximum borrowing amount of $48 million (with $23.6 million outstanding as of September 30, 2016). The Company will not need to fund additional costs for the completion of the Chase II Project.

The Company owned an office property that has been repurposed for residential use. The 197-unit multi-family development project, which is located in Morris Plains, New Jersey (Signature Place Project), is expected to be ready for occupancy by the fourth quarter of 2017. The Signature Place Project, which is estimated to cost a total of $58.7 million (of which development costs of $13.1 million have been incurred through September 30, 2016) is expected to be funded by a $42 million construction loan. The Company expects to fund costs of approximately $16.7 million for the development of the project, of which the Company has incurred $12.9 million as of September 30, 2016.

The Company owns a leasehold interest in developable land for a 296-unit multi-family development project located in East Boston, Massachusetts (Portside 5/6 Project). The project is expected to be ready for occupancy by the first quarter of 2018. The Portside 5/6 Project, which is estimated to cost a total of $111.4 million (of which development costs of $27.7 million have been incurred through September 30, 2016), is expected to be funded primarily by a $73 million construction loan. The Company expects to fund costs of $38.4 million for the development of the project, of which the Company has funded $26.0 million as of September 30, 2016.

The Company owns developable land for a 295-unit multi-family development project located in Weehawken, New Jersey (RiverHouse 11 Project), which began construction in the first quarter 2016. The project is expected to be ready for occupancy by first quarter 2018. The RiverHouse 11 Project, which is estimated to cost a total of $124 million (of which development costs of $33 million have been incurred through September 30, 2016), is expected to be funded primarily by a $78 million construction loan. The Company expects to fund costs of $46 million for the development of the project, of which the Company has funded $25.8 million as of September 30, 2016.

The Company owns developable land to accommodate a development project of approximately 310-unit multi-family rental property located in Conshohocken, Pennsylvania, which began construction in the third quarter of 2016 (the 51 Washington Street Project) with anticipated initial occupancy in the fourth quarter of 2018. The 51 Washington Street Project, which is estimated to cost a total of $86.1 million (of which development costs of $19.5 million have been incurred through September 30, 2016), is expected to be funded with a $54 million construction loan and the balance of $32.1 million from the Company.

OTHER

Through February 2016, the Company could not dispose of or distribute certain of its properties which were originally contributed by certain unrelated common unitholders of the Operating Partnership, without the express written consent of such common unitholders, as applicable, except in a manner which did not result in recognition of any built-in-gain (which could result in an income tax liability) or which reimbursed

the appropriate specific common unitholders for the tax consequences of the recognition of such built-in-gains (collectively, the Property Lock-Ups). The aforementioned restrictions did not apply in the event that the Company sold all of its properties or in connection with a sale transaction which the Company s Board of Directors determined was reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expired as of February 2016. Upon the expiration of the Property Lock-Ups, the Company is generally required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the specific common unitholders, which include members of the Mack Group (which includes William L. Mack, Chairman of the Company s Board of Directors; David S. Mack, director; and Earle I. Mack, a former director); the Robert Martin Group (which includes Robert F. Weinberg, a former director and current member of its Advisory Board), and the Cali Group (which includes John R. Cali, a former director and current member of its Advisory Board). As of September 30, 2016, 116 of the Company s properties, with an aggregate carrying value of approximately $1.3 billion, have lapsed restrictions and are subject to these conditions.

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14. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2035. Substantially all of the commercial 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 commercial operating leases at September 30, 2016 are as follows *(dollars in thousands)*:

Year		Amount
October 1 through December 31, 2016	$	119,973
2017		438,466
2018		379,744
2019		319,822
2020		273,424
2021 and thereafter		1,194,462
Total	$	2,725,891

Multi-family rental property residential leases are excluded from the above table as they generally expire within one year.

15. MACK-CALI REALTY CORPORATION STOCKHOLDERS EQUITY AND MACK-CALI REALTY, L.P. S PARTNERS CAPITAL

To maintain its qualification as a REIT, not more than 50 percent in value of the outstanding shares of the General Partner may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of any taxable year of the General Partner, other than its initial taxable year (defined to include certain entities), applying certain constructive ownership rules. To help ensure that the General Partner will not fail this test, the General Partner s Charter provides, among other things, certain restrictions on the transfer of common stock to prevent further concentration of stock ownership. Moreover, to evidence compliance with these requirements, the General Partner must maintain records that disclose the actual ownership of its outstanding common stock and demands 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.

Partners Capital in the accompanying consolidated financial statements relates to (a) General Partners capital consisting of common units in the Operating Partnership held by the General Partner, and (b) Limited Partners capital consisting of common units and LTIP Units held by the limited partners. See Note 16: Noncontrolling interests in Subsidiaries.

Any transactions resulting in the issuance of additional common and preferred stock of the General Partner result in a corresponding issuance by the Operating Partnership of an equivalent amount of common and preferred units to the General Partner.

SHARE/UNIT REPURCHASE PROGRAM

In September 2012, the Board of Directors renewed and authorized an increase to the General Partner s repurchase program (Repurchase Program). The General Partner has authorization to repurchase up to $150 million of its outstanding common stock under the renewed Repurchase Program, which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions. The General Partner has purchased and retired 394,625 shares of its outstanding common stock for an aggregate cost of approximately $11 million (all of which occurred in the year ended December 31, 2012), with a remaining authorization under the Repurchase Program of $139 million. Concurrent with these purchases, the General Partner sold to the Operating Partnership common units for approximately $11 million.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The Company has a Dividend Reinvestment and Stock Purchase Plan (the DRIP) which commenced in March 1999 under which approximately 5.5 million shares of the Company s common stock have been reserved for future issuance. The DRIP provides for automatic reinvestment of all or a portion of a participant s dividends from the Company s shares of common stock. The DRIP also permits participants to make optional cash investments up to $5,000 a month without restriction and, if the Company waives this limit, for additional amounts subject to certain restrictions and other conditions set forth in the DRIP prospectus filed as part of the Company s effective registration statement on Form S-3 filed with the SEC for the approximately 5.5 million shares of the Company s common stock reserved for issuance under the DRIP.

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STOCK OPTION PLANS

In May 2013, the Company established the 2013 Incentive Stock Plan (the 2013 Plan) under which a total of 4,600,000 shares have been reserved for issuance. In September 2000, the Company established the 2000 Employee Stock Option Plan (2000 Employee Plan) and the Amended and Restated 2000 Director Stock Option Plan (2000 Director Plan and together with the 2000 Employee Plan, the 2000 Plans). In May 2002, shareholders of the Company approved amendments to both of the 2000 Plans to increase the total shares reserved for issuance under both of the 2000 Plans from 2,700,000 to 4,350,000 shares of the Company s common stock (from 2,500,000 to 4,000,000 shares under the 2000 Employee Plan and from 200,000 to 350,000 shares under the 2000 Director Plan). As the 2000 Plans expired in 2010, stock options may no longer be issued under those plans. Stock options granted under the 2000 Employee Plan became exercisable over a five-year period. All stock options granted under the 2000 Director Plan became exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of 10 years. As of September 30, 2016 and December 31, 2015, the stock options outstanding had a weighted average remaining contractual life of approximately 8.6 and 9.4 years, respectively.

On June 5, 2015, in connection with employment agreements entered into with each of Messrs. Rudin and DeMarco (together, the Executive Employment Agreements), the Company granted options to purchase a total of 800,000 shares of the Company s common stock, exercisable for a period of ten years with an exercise price equal to the closing price of the Company s common stock on the grant date of $17.31 per share, with 400,000 of such options vesting in three equal annual installments commencing on the first anniversary of the grant date (Time Vesting Options), and 400,000 of such options vesting if the Company s common stock trades at or above $25.00 per share for 30 consecutive trading days while the executive is employed (Price Vesting Options), or on or before June 30, 2019, subject to certain conditions. The Price Vesting options vested on July 5, 2016 on account of the price vesting condition being achieved.

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

	Shares Under Options	Weighted Average Exercise Price	Aggregate Intrinsic Value $(000 s)
Outstanding at January 1, 2016	805,000	$ 17.33	$ 4,843
Lapsed or Cancelled			
Outstanding at September 30, 2016 ($17.31 $21.25)	805,000	$ 17.33	$ 7,958
Options exercisable at September 30, 2016	538,334		
Available for grant at September 30, 2016	2,728,507		

There were no stock options exercised under any stock option plans for the nine months ended September 30, 2016 and 2015, respectively. The Company has a policy of issuing new shares to satisfy stock option exercises.

The Company recognized stock options expense of $924,000 and $185,000 for the three months ended September 30, 2016 and 2015, respectively, and $1,291,000 and $248,000 for the nine months ended September 30, 2016 and 2015, respectively.

RESTRICTED STOCK AWARDS

The Company has issued stock awards (Restricted Stock Awards) to officers, certain other employees and non-employee members of the Board of Directors of the Company, which allow the holders to each receive a certain amount of shares of the Company s common stock generally over a one to seven-year vesting period, of which 82,716 unvested shares were legally outstanding at September 30, 2016. Vesting of the Restricted Stock Awards issued to executive officers and certain other employees is based on time and service.

On June 5, 2015, in connection with the Executive Employment Agreements, the Company granted a total of 37,550.54 Restricted Stock Awards, which were valued in accordance with ASC 718 Stock Compensation, at their fair value. These awards vest equally over a three-year period on each annual anniversary date of the grant date.

All currently outstanding and unvested Restricted Stock Awards provided to the officers, certain other employees, and members of the Board of Directors of the Company were issued under the 2013 Plan.

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Information regarding the Restricted Stock Awards grant activity is summarized below:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2016	136,220	$19.36
Granted	36,870	21.70
Vested	(61,654)	18.94
Forfeited	(3,687)	21.70
Outstanding at September 30, 2016	107,749	$20.33

As of September 30, 2016, the Company had $0.5 million of total unrecognized compensation cost related to unvested Restricted Stock Awards granted under the Company s stock compensation plans. That cost is expected to be recognized over a weighted average period of 0.5 years.

PERFORMANCE SHARE UNITS

On June 5, 2015, in connection with the Executive Employment Agreements, the Company granted a total of 112,651.64 performance share units (PSUs) which will vest from 0 to 150 percent of the number of PSUs granted based on the Company s total shareholder return relative to a peer group of equity office REITs over a three-year performance period starting from the grant date, each PSU evidencing the right to receive a share of the Company s common stock upon vesting. The PSUs are also entitled to the payment of dividend equivalents in respect of vested PSUs in the form of additional PSUs. The PSUs were valued in accordance with ASC 718, Compensation - Stock Compensation, at their fair value on the grant date, utilizing a Monte-Carlo simulation to estimate the probability of the vesting conditions being satisfied.

The Company has reserved shares of common stock under the 2013 Plan for issuance upon vesting of the PSUs in accordance with their terms and conditions.

As of September 30, 2016, the Company had $0.8 million of total unrecognized compensation cost related to unvested PSUs granted under the Company s stock compensation plans. That cost is expected to be recognized over a weighted average period of 1.7 years.

LONG-TERM INCENTIVE PLAN AWARDS

On March 8, 2016, the Company granted Long-Term Incentive Plan (LTIP) awards to senior management of the Company, including all of the Company s executive officers (the 2016 LTIP Awards). All of the 2016 LTIP Awards were in the form of units in the Operating Partnership (LTIP Units) and constitute awards under the 2013 Plan. For Messrs. Rudin, DeMarco and Tycher, approximately 25 percent of the target 2016 LTIP Award was in the form of a time-based award that will vest after three years on March 8, 2019 (the 2016 TBV LTIP Units), and the remaining approximately 75 percent of the target 2016 LTIP Award was in the form of a performance-based award under a new Outperformance Plan (the 2016 OPP) adopted by the Company s Board of Directors consisting of a multi-year, performance-based equity compensation plan and related forms of award agreement (the 2016 PBV LTIP Units). For all other executive officers, approximately 40 percent of the target 2016

LTIP Award was in the form of 2016 TBV LTIP Units and the remaining approximately 60 percent of the target 2016 LTIP Award was in the form of 2016 PBV LTIP Units.

The 2016 OPP is designed to align the interests of senior management to relative and absolute performance of the Company over a three-year performance period from March 8, 2016 through March 7, 2019. The senior management team that received 2016 LTIP Awards includes the Company s eight executive officers. Participants in the 2016 OPP will only earn the full awards if, over the three-year performance period, the Company achieves a 50 percent absolute total stockholder return (TSR) and if the Company is in the 75th percentile of performance versus the NAREIT Office Index.

LTIP Units will remain subject to forfeiture depending on the extent that the 2016 LTIP Awards vest. The number of LTIP Units to be issued initially to recipients of the 2016 PBV LTIP Awards is the maximum number of LTIP Units that may be earned under the awards. The number of LTIP Units that actually vest for each award recipient will be determined at the end of the performance measurement period. TSR for the Company and for the Index over the three-year measurement period and other circumstances will determine how many LTIP Units vest for each recipient; if they are fewer than the number issued initially, the balance will be forfeited as of the performance measurement date.

Prior to vesting, recipients of LTIP Units will be entitled to receive per unit distributions equal to one-tenth (10 percent) of the regular quarterly distributions payable on a common unit of limited partnership interest in the Operating Partnership (a common unit), but will not be entitled to receive any special distributions. Distributions with respect to the other nine-tenths (90 percent) of regular quarterly distributions payable on a common unit will accrue but shall only become payable upon vesting of the LTIP Unit. After vesting of the 2016 TBV LTIP Units or the end of the measurement period for the 2016 PBV LTIP Units, the number of LTIP Units,

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both vested and unvested, will be entitled to receive distributions in an amount per unit equal to distributions, both regular and special, payable on a common unit.

The Company granted a total of 499,756 PBV LTIP Units and 157,617 TBV LTIP Units. The LTIP Units were valued in accordance with ASC 718 Stock Compensation, at their fair value. The Company has reserved shares of common stock under the 2013 Plan for issuance upon vesting and conversion of the LTIP Units in accordance with their terms and conditions.

As of September 30, 2016, the Company had $7.4 million of total unrecognized compensation cost related to unvested 2016 LTIP Awards granted under the Company s stock compensation plans. That cost is expected to be recognized over a weighted average period of 2.9 years.

DEFERRED STOCK COMPENSATION PLAN FOR DIRECTORS

The Amended and Restated Deferred Compensation Plan for Directors, 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 nine months ended September 30, 2016 and 2015, 11,249 and 15,279 deferred stock units were earned, respectively. As of September 30, 2016 and December 31, 2015, there were 190,322 and 178,039 deferred stock units outstanding, respectively.

EARNINGS PER SHARE/UNIT

Basic EPS or EPU excludes dilution and is computed by dividing net income available to common shareholders or unitholders by the weighted average number of shares or units outstanding for the period. Diluted EPS or EPU reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

The following information presents the Company s results for the three and nine months ended September 30, 2016 and 2015 in accordance with ASC 260, Earnings Per Share: *(dollars in thousands, except per share amounts)*

Mack-Cali Realty Corporation:

Computation of Basic EPS	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Net income (loss)	$ (9,605)	$ (142,141)	$ 113,530	$ (106,077)
Add: Noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Add (deduct): Noncontrolling interest in Operating Partnership	999	15,530	(11,947)	11,461
Net income (loss) available to common shareholders	$ (8,541)	$ (126,892)	$ 102,043	$ (94,034)
Weighted average common shares	89,755	89,249	89,739	89,229
Basic EPS:				
Net income (loss) available to common shareholders	$ (0.10)	$ (1.42)	$ 1.14	$ (1.05)

Computation of Diluted EPS	Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015
Net income (loss) available to common shareholders	$ (8,541)	$ (126,892)	$ 102,043	$ (94,034)
Add (deduct): Noncontrolling interest in Operating Partnership	(999)	(15,530)	11,947	(11,461)
Net income (loss) for diluted earnings per share	$ (9,540)	$ (142,422)	$ 113,990	$ (105,495)
Weighted average common shares	100,253	100,172	100,486	100,236
Diluted EPS:				
Net income (loss) available to common shareholders	$ (0.10)	$ (1.42)	$ 1.13	$ (1.05)

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The following schedule reconciles the shares used in the basic EPS calculation to the shares used in the diluted EPS calculation: *(in thousands)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Basic EPS shares	89,755	89,249	89,739	89,229
Add: Operating Partnership common units	10,498	10,923	10,502	11,007
Restricted Stock Awards			50	
Stock Options			195	
Diluted EPS Shares	100,253	100,172	100,486	100,236

Contingently issuable shares under the PSUs and Price Vesting Options were excluded from the denominator in 2016 and 2015 because the criteria had not been met for the period ended September 30, 2016. Not included in the computations of diluted EPS were zero and 405,000 stock options as such securities were anti-dilutive during the periods ended September 30, 2016 and 2015, respectively. Also, not included in the computations of diluted EPS were all of the LTIP Units as such securities were anti-dilutive during the periods. Unvested restricted stock outstanding as of September 30, 2016 and 2015 were 82,716 and 99,006 shares, respectively.

Dividends declared per common share for each of the three-month periods ended September 30, 2016 and 2015 was $0.15 per share. Dividends declared per common share for each of the nine-month periods ended September 30, 2016 and 2015 was $0.45 per share.

Mack-Cali Realty, L.P.:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Computation of Basic EPU	2016	2015	2016	2015
Net income (loss)	$ (9,605)	$ (142,141)	$ 113,530	$ (106,077)
Add: Noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Net income (loss) available to common unitholders	$ (9,540)	$ (142,422)	$ 113,990	$ (105,495)
Weighted average common units	100,253	100,172	100,241	100,236
Basic EPU:				
Net income (loss) available to common unitholders	$ (0.10)	$ (1.42)	$ 1.14	$ (1.05)

	Three Months Ended September 30,		Nine Months Ended September 30,	
Computation of Diluted EPU	2016	2015	2016	2015
Net income (loss) available to common unitholders	$ (9,540)	$ (142,422)	$ 113,990	$ (105,495)
Weighted average common unit	100,253	100,172	100,486	100,236
Diluted EPU:				
Net income (loss) available to common unitholders	$ (0.10)	$ (1.42)	$ 1.13	$ (1.05)

The following schedule reconciles the units used in the basic EPU calculation to the units used in the diluted EPU calculation: *(in thousands)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Basic EPU units	100,253	100,172	100,241	100,236
Add: Restricted Stock Awards			50	
Stock Options			195	
Diluted EPU Units	100,253	100,172	100,486	100,236

Contingently issuable shares under the PSUs and Price Vesting Options were excluded from the denominator in 2016 and 2015 because the criteria had not been met for the period ended September 30, 2016. Not included in the computations of diluted EPU were zero and 405,000 stock options as such securities were anti-dilutive during the periods ended September 30, 2016 and 2015, respectively. Also, not included in the computations of diluted EPU were all of the LTIP Units as such securities were anti-dilutive

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during the periods. Unvested restricted stock outstanding as of September 30, 2016 and 2015 were 82,716 and 99,006 shares, respectively.

Distributions declared per common unit for each of the three-month periods ended September 30, 2016 and 2015 was $0.15 per unit. Distributions declared per common unit for each of the nine-month periods ended September 30, 2016 and 2015 was $0.45 per unit.

16. NONCONTROLLING INTERESTS IN SUBSIDIARIES

NONCONTROLLING INTEREST IN OPERATING PARTNERSHIP (applicable only to General Partner)

Noncontrolling interests in subsidiaries in the accompanying consolidated financial statements relate to (i) common units and LTIP units in the Operating Partnership, held by parties other than the General Partner (Limited Partners), and (ii) interests in consolidated joint ventures for the portion of such ventures not owned by the Company.

The following table reflects the activity of noncontrolling interests for the nine months ended September 30, 2016 and 2015, respectively *(dollars in thousands):*

	Nine Months Ended September 30,	
	2016	**2015**
Balance at January 1	$ 228,032	$ 257,230
Net income	11,487	(12,043)
Unit distributions	(4,947)	(4,927)
Acquisition/increase in noncontrolling interests in consolidated joint ventures	(35,544)	251
Redemption of common units for common stock	(308)	(5,370)
Stock compensation	1,511	
Other comprehensive income (loss)	(789)	
Rebalancing of ownership percentage between parent and subsidiaries	(865)	276
Balance at September 30	$ 198,577	$ 235,417

Pursuant to ASC 810, Consolidation, on the accounting and reporting for noncontrolling interests and changes in ownership interests of a subsidiary, changes in a parent s ownership interest (and transactions with noncontrolling interest unitholders in the subsidiary) while the parent retains its controlling interest in its subsidiary should be accounted for as equity transactions. The carrying value of the noncontrolling interest shall be adjusted to reflect the change in its ownership interest in the subsidiary, with the offset to equity attributable to the parent. Accordingly, as a result of equity transactions which caused changes in ownership percentages between Mack-Cali Realty Corporation stockholders equity and noncontrolling interests in the Operating Partnership that occurred during the nine months ended September 30, 2016, the Company has decreased noncontrolling interests in the Operating Partnership and increased additional paid-in capital in Mack-Cali Realty Corporation stockholders equity by approximately $0.9 million as of September 30, 2016.

Common Units

Certain individuals and entities own common units in the Operating Partnership. A common unit and a share of Common Stock of the General Partner 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 unitholders have the right to redeem their common units, subject to certain restrictions. The redemption is required to be satisfied in shares of Common Stock, cash, or a combination thereof, calculated as follows: one share of the General Partner s Common Stock, or cash equal to the fair market value of a share of the General Partner s Common Stock at the time of redemption, for each common unit. The General Partner, in its sole discretion, determines the form of redemption of common units (i.e., whether a common unitholder receives Common Stock, cash, or any combination thereof). If the General Partner elects to satisfy the redemption with shares of Common Stock as opposed to cash, it is obligated to issue shares of its Common Stock to the redeeming unitholder. Regardless of the rights described above, the common unitholders may not put their units for cash to the General Partner or the Operating Partnership under any circumstances. When a unitholder redeems a common unit, noncontrolling interest in the Operating Partnership is reduced and Mack-Cali Realty Corporation Stockholders equity is increased.

LTIP Units

On March 8, 2016, the Company granted 2016 LTIP awards to senior management of the Company, including all of the General Partner s executive officers. All of the 2016 LTIP Awards will be in the form of units in the Operating Partnership. See Note 15: Mack-Cali Realty Corporation Stockholders Equity and Mack-Cali Realty, L.P. s Partners Capital Long-Term Incentive Plan Awards.

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LTIP Units are designed to qualify as profits interests in the Operating Partnership for federal income tax purposes. As a general matter, the profits interests characteristics of the LTIP Units mean that initially they will not be economically equivalent in value to a common unit. If and when events specified by applicable tax regulations occur, LTIP Units can over time increase in value up to the point where they are equivalent to common units on a one-for-one basis. After LTIP Units are fully vested, and to the extent the special tax rules applicable to profits interests have allowed them to become equivalent in value to common units, LTIP Units may be converted on a one-for-one basis into common units. Common units in turn have a one-for-one relationship in value with shares of the General Partner s common stock, and are redeemable on a one-for-one basis for cash or, at the election of the Company, shares of the General Partner s common stock.

Unit Transactions

The following table sets forth the changes in noncontrolling interests in the Operating Partnership which relate to the common units and LTIP units in the Operating Partnership for the nine months ended September 30, 2016:

	Common Units	LTIP Units
Balance at January 1, 2016	10,516,844	
Granted		657,373
Redemption of common units for shares of common stock	(18,898)	
Balance at September 30, 2016	10,497,946	657,373

Noncontrolling Interest Ownership in Operating Partnership

As of September 30, 2016 and December 31, 2015, the noncontrolling interest common unitholders owned 10.5 percent and 10.5 percent of the Operating Partnership, respectively.

NONCONTROLLING INTEREST IN CONSOLIDATED JOINT VENTURES (applicable to General Partner and Operating Partnership)

The Company consolidates certain joint ventures in which it has ownership interests. Various entities and/or individuals hold noncontrolling interests in these ventures.

PARTICIPATION RIGHTS

The Company s interests in certain real estate projects (three properties and a future development) each provide for the initial distributions of net cash flow solely to the Company, and thereafter, other parties have participation rights in 50 percent of the excess net cash flow remaining after the distribution to the Company of the aggregate amount equal to the sum of: (a) the Company s capital contributions, plus (b) an IRR of

10 percent per annum.

17. SEGMENT REPORTING

The Company operates in three business segments: (i) commercial and other real estate, (ii) multi-family real estate, and (iii) multi-family services. The Company provides leasing, property management, acquisition, development, construction and tenant-related services for its commercial and other real estate and multi-family real estate portfolio. The Company s multi-family services business also provides similar services for third parties. The Company no longer considers construction services as a reportable segment as it phased out this line of business in 2014. The Company had no revenues from foreign countries recorded for the nine months ended September 30, 2016 and 2015. The Company had no long lived assets in foreign locations as of September 30, 2016 and December 31, 2015. The accounting policies of the segments are the same as those described in Note 2: Significant Accounting Policies, excluding depreciation and amortization.

The Company evaluates performance based upon net operating income from the combined properties in each of its real estate segments (commercial and other, and multi-family) and from its multi-family services segment.

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Selected results of operations for the three and nine months ended September 30, 2016 and 2015 and selected asset information as of September 30, 2016 and December 31, 2015 regarding the Company s operating segments are as follows. Amounts for prior periods have been restated to conform to the current period segment reporting presentation: *(dollars in thousands)*

	Real Estate				
	Commercial & Other	Multi-family	Multi-family Services	Corporate & Other (d)	Total Company
Total revenues:					
Three months ended:					
September 30, 2016	$ 141,226	$ 8,806	$ 9,842(e)	$ (2,357)	$ 157,517
September 30, 2015	131,910	6,964	8,409(f)	(1,125)	146,158
Nine months ended:					
September 30, 2016	411,947	27,011	27,990(e)	(7,281)	459,667
September 30, 2015	406,128	20,541	24,910(f)	(3,139)	448,440
Total operating and interest expenses (a):					
Three months ended:					
September 30, 2016	$ 68,533	$ 5,005	$ 9,633(g)	$ 21,269	$ 104,440
September 30, 2015	59,810	4,233	9,598(h)	28,236	101,877
Nine months ended:					
September 30, 2016	201,914	16,337	29,879(g)	65,789	313,919
September 30, 2015	199,178	12,775	28,304(h)	79,804	320,061
Equity in earnings (loss) of unconsolidated joint ventures:					
Three months ended:					
September 30, 2016	$ 22,487	$ (1,442)	$ 745	$	$ 21,790
September 30, 2015	5,181	(2,793)	747		3,135
Nine months ended:					
September 30, 2016	23,569	(4,773)	826		19,622
September 30, 2015	4,611	(8,290)	956		(2,723)
Net operating income (loss) (b):					
Three months ended:					
September 30, 2016	$ 95,180	$ 2,359	$ 954	$ (23,626)	$ 74,867
September 30, 2015	77,281	(62)	(442)	(29,361)	47,416
Nine months ended:					
September 30, 2016	233,602	5,901	(1,063)	(73,070)	165,370
September 30, 2015	211,561	(524)	(2,438)	(82,943)	125,656
Total assets:					
September 30, 2016	$ 3,394,462	$ 963,569	$ 15,441	$ 62,147	$ 4,435,619
December 31, 2015	3,166,577	836,020	9,831	41,535	4,053,963
Total long-lived assets (c):					
September 30, 2016	$ 3,061,298	$ 667,602	$ 4,371	$ (4,455)	$ 3,728,816
December 31, 2015	2,886,583	577,705	3,670	(1,531)	3,466,427
Total investments in unconsolidated joint ventures:					
September 30, 2016	$ 80,735	$ 238,261	$ 811	$	$ 319,807
December 31, 2015	76,140	225,850	1,467		303,457

(a) Total operating and interest expenses represent the sum of: real estate taxes; utilities; operating services; direct construction costs; real estate services expenses; general and administrative, acquisition related costs and interest expense (net of interest income). All interest expense, net of interest and other investment income, (including for property-level mortgages) is excluded from segment amounts and classified in Corporate & Other for all periods.

(b) Net operating income represents total revenues less total operating and interest expenses (as defined in Note a), plus equity in earnings (loss) of unconsolidated joint ventures, for the period.

(c) Long-lived assets are comprised of net investment in rental property, unbilled rents receivable and goodwill.

(d) Corporate & Other represents all corporate-level items (including interest and other investment income, interest expense, non-property general and administrative expense, construction services revenue and direct construction costs) as well as intercompany eliminations necessary to reconcile to consolidated Company totals.

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(e) Includes $3.8 million and $10.1 million of fees and salary reimbursements earned for the three and nine months ended September 30, 2016, respectively, from the multi-family real estate segment, which are eliminated in consolidation.

(f) Includes $1.5 million and $5.9 million of fees and salary reimbursements earned for the three and nine months ended September 30, 2015, respectively, from the multi-family real estate segment, which are eliminated in consolidation.

(g) Includes $1.8 million and $4.9 million of management fees and salary reimbursement expenses for the three and nine months ended September 30, 2016, respectively, from the multi-family real estate segment, which are eliminated in consolidation.

(h) Includes $1 million and $4.5 million of management fees and salary reimbursement expenses for the three and nine months ended September 30, 2016, respectively, from the multi-family real estate segment, which are eliminated in consolidation.

Mack-Cali Realty Corporation

The following schedule reconciles net operating income to net income available to common shareholders: *(dollars in thousands)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Net operating income	$ 74,867	$ 47,416	$ 165,370	$ 125,656
Add (deduct):				
Depreciation and amortization	(48,117)	(44,099)	(134,639)	(127,266)
Gain on change of control of interests			15,347	
Realized gains (losses) and unrealized losses on disposition of rental property, net	(17,053)	18,718	68,664	53,261
Gain on sale of investment in unconsolidated joint venture			5,670	6,448
Loss from extinguishment of debt, net	(19,302)		(6,882)	
Impairments		(164,176)		(164,176)
Net income (loss)	(9,605)	(142,141)	113,530	(106,077)
Noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Noncontrolling interest in Operating Partnership	999	15,530	(11,947)	11,461
Net income (loss) available to common shareholders	$ (8,541)	$ (126,892)	$ 102,043	$ (94,034)

Mack-Cali Realty, L.P.

The following schedule reconciles net operating income to net income available to common unitholders: *(dollars in thousands)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net operating income	$ 74,867	$ 47,416	$ 165,370	$ 125,656
Add (deduct):				
Depreciation and amortization	(48,117)	(44,099)	(134,639)	(127,266)
Gain on change of control of interests			15,347	
Realized gains (losses) and unrealized losses on disposition of rental property, net	(17,053)	18,718	68,664	53,261
Gain on sale of investment in unconsolidated joint venture			5,670	6,448
Loss from extinguishment of debt, net	(19,302)		(6,882)	
Impairments		(164,176)		(164,176)
Net income (loss)	(9,605)	(142,141)	113,530	(106,077)
Noncontrolling interest in consolidated joint ventures	65	(281)	460	582
Net income (loss) available to common unitholders	$ (9,540)	$ (142,422)	$ 113,990	$ (105,495)

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Executive Overview

Mack-Cali Realty Corporation together with its subsidiaries, (collectively, the General Partner), is one of the largest real estate investment trusts (REITs) in the United States. Mack-Cali Realty, L.P. (the Operating Partnership) has been involved in all aspects of commercial real estate development, management and ownership for over 60 years and the General Partner has been a publicly traded REIT since 1994.

The Operating Partnership conducts the business of providing leasing, management, acquisition, development, construction and tenant-related services for its General Partner. The Operating Partnership, through its operating divisions and subsidiaries, including the Mack-Cali property-owning partnerships and limited liability companies, is the entity through which all of the General Partner s operations are conducted. Unless stated otherwise or the context requires, the Company refers to the General Partner and its subsidiaries, including the Operating Partnership and its subsidiaries.

As of September 30, 2016, the Company owns or has interests in 263 properties (collectively, the Properties), consisting of 136 office and 110 flex properties, totaling approximately 29.0 million square feet, leased to approximately 1,800 commercial tenants and 17 multi-family rental properties containing 5,214 residential units. The Properties are located primarily in the Northeast, some with adjacent, Company-controlled developable land sites able to accommodate up to 5.3 million square feet of additional commercial space and 11,200 apartment units.

The Company s historical strategy has been to focus its operations, acquisition and development of office properties in high-barrier-to-entry markets and sub-markets where it believes it is, or can become, a significant and preferred owner and operator. In September 2015, the Company announced a three-year strategic initiative to transform into a more concentrated owner of New Jersey Hudson River waterfront and transit-oriented office properties and a regional owner of luxury multi-family residential properties. As part of this plan, over the past year, the Company has sold or has contracted to sell several properties, primarily commercial office, which it believes do not meet its long-term goals.

As an owner of real estate, almost all of the Company s earnings and cash flow are derived from rental revenue received pursuant to leased space at the Properties. Key factors that affect the Company s business and financial results include the following:

- the general economic climate;
- the occupancy rates of the Properties;

- rental rates on new or renewed leases;
- tenant improvement and leasing costs incurred to obtain and retain tenants;
- the extent of early lease terminations;
- the value of our office properties and the cash flow from the sale of such properties;
- operating expenses;
- anticipated acquisition and development costs for office and multi-family rental properties and the revenues and earnings from these properties;
- cost of capital; and
- the extent of acquisitions, development and sales of real estate, including the execution of the Company s current strategic initiative.

Any negative effects of the above key factors could potentially cause a deterioration in the Company s revenue and/or earnings. Such negative effects could include: (1) failure to renew or execute new leases as current leases expire; (2) failure to renew or execute new leases with rental terms at or above the terms of in-place leases; and (3) tenant defaults.

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A failure to renew or execute new leases as current leases expire or to execute new leases with rental terms at or above the terms of in-place leases may be affected by several factors such as: (1) the local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors; and (2) local real estate conditions, such as oversupply of the Company s product types or competition within the market.

Of the Company s core office markets, most have recently shown signs of improvement while others have stabilized. The percentage leased in the Company s consolidated portfolio of stabilized operating commercial properties aggregating 23.4 million, 23.5 million and 24.0 million square feet at September 30, 2016, June 30, 2016 and September 30, 2015, respectively, was 87.7 percent leased at September 30, 2016 as compared to 86.7 percent leased at June 30, 2016 and 85.8 percent leased at September 30, 2015. Percentage leased includes all leases in effect as of the period end date, some of which have commencement dates in the future and leases that expire at the period end date. Leases that expired at September 30, 2016, June 30, 2016 and September 30, 2015 aggregate 29,692, 104,901 and 64,226 square feet, respectively, or 0.1, 0.5 and 0.3 percentage of the net rentable square footage, respectively. Rental rates (including escalations) on the Company s commercial space that was renewed (based on first rents payable) during the three months ended September 30, 2016 (on 318,308 square feet of renewals) increased an average of 0.8 percent compared to rates that were in effect under the prior leases, as compared to a 3.7 percent increase during the three months ended September 30, 2015 (on 481,316 square feet of renewals). Estimated lease costs for the renewed leases during the three months ended September 30, 2016 averaged $2.46 per square foot per year for a weighted average lease term of 3.1 years, and estimated lease costs for the renewed leases during the three months ended September 30, 2015 averaged $3.19 per square foot per year for a weighted average lease term of 3.4 years. For the nine months ended September 30, 2016, rental rates (including escalations) on the Company s commercial space that was renewed (based on first rents payable on 1,415,554 square feet of renewals) increased an average of 11.6 percent compared to rates that were in effect under the prior leases, as compared to a 0.3 percent increase during the nine months ended September 30, 2015 (on 1,871,829 square feet of renewals). Estimated lease costs for the renewed leases during the nine months ended September 30, 2016 averaged $4.19 per square foot per year for a weighted averaged lease term of 5.2 years and estimated lease costs for the renewed leases during the nine months ended September 30, 2015 averaged $2.46 per square foot per year for a weighted average lease term of 3.0 years. The Company has achieved positive leasing results in its core markets recently. It believes that commercial vacancy rates may decrease and commercial rental rates may increase in some of its markets in 2016 and possibly beyond. As of September 30, 2016, commercial leases which comprise approximately 1.7 and 15.2 percent of the Company s annualized base rent are scheduled to expire during the three months ended December 31, 2016 and the year ended December 31, 2017, respectively. With the positive leasing results the Company has achieved in many of its markets recently, the Company believes that rental rates it is likely to achieve on new leases will generally be, on average, not lower than rates currently being paid. Although the Company has recently achieved positive leasing activity, primarily in its core markets, if the recent leasing results do not prove to be sustaining during 2016 and beyond, the Company s rental rates it may achieve on new leases may be lower than the rates currently being paid, resulting in the potential for less revenue from the same space.

The Company believes that there is a potential for Moody s or Standard & Poor s to lower their current investment grade ratings on the Company s senior unsecured debt to sub-investment grade. Amongst other things, any such downgrade by both Moody s and Standard & Poor s will increase the current interest rate on outstanding borrowings under the Company s $600 million unsecured revolving credit facility from LIBOR plus 130 basis points to LIBOR plus 170 basis points and the annual credit facility fee it pays will increase from 30 to 35 basis points. Additionally, any such downgrade would increase the current interest rate on the Company s $350 million unsecured term loan from LIBOR plus 140 basis points to LIBOR plus 185 points. In this case, the Company could elect to utilize the leverage grid pricing available under the unsecured term loan, which would result in an interest rate of LIBOR plus 155 basis points at the Company s current total leverage ratio. In addition, a downgrade in its ratings to sub-investment grade would result in higher interest rates on senior unsecured debt that the Company may issue in the future as compared to issuing such debt with investment grade ratings.

The remaining portion of this Management s Discussion and Analysis of Financial Condition and Results of Operations should help the reader understand our:

- recent transactions;

- critical accounting policies and estimates;

- results from operations for the three and nine months ended September 30, 2016, as compared to the three and nine months ended September 30, 2015, and

- liquidity and capital resources.

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Recent Transactions

Acquisitions

The Company acquired the following office properties during the nine months ended September 30, 2016 *(dollars in thousands)*:

Acquisition Date	Property Address	Location	# of Bldgs.	Rentable Square Feet	Acquisition Cost
04/04/16	11 Martine Avenue (a)	White Plains, New York	1	82,000	$ 10,750
04/07/16	320, 321 University Avenue (b)	Newark, New Jersey	2	147,406	23,000
06/02/16	101 Wood Avenue South (c)	Edison, New Jersey	1	262,841	82,300
07/01/16	111 River Street (c)	Hoboken, New Jersey	1	566,215	210,761
Total Acquisitions			5	1,058,462	$ 326,811

(a) Acquisition represented four units of condominium interests which collectively comprise floors 2 through 5. Upon completion of the acquisition, the Company owns the entire 14-story 262,000 square-foot building. The acquisition was funded using available cash.

(b) This acquisition was funded through borrowings under the Company s unsecured revolving credit facility.

(c) This acquisition was funded using available cash and through borrowings under the Company s unsecured revolving credit facility.

Consolidations

On January 5, 2016, the Company, which held a 50 percent subordinated interest in the unconsolidated joint venture, Overlook Ridge Apartment Investors LLC, a 371-unit multi-family operating property located in Malden, Massachusetts, acquired the remaining interest for $39.8 million in cash plus the assumption of a first mortgage loan secured by the property with a principal balance of $52.7 million. The cash portion of the acquisition was funded primarily through borrowings under the Company s unsecured revolving credit facility. Upon acquisition, the Company consolidated the asset and accordingly, remeasured its equity interests, as required by the FASB s consolidation guidance, at fair value (based upon the income approach using current rates and market cap rates and discount rates). As a result, the Company recorded a gain on change of control of interests of $10.2 million in the nine months ended September 30, 2016. On January 19, 2016, the Company repaid the assumed loan and obtained a new loan secured by the property in the amount of $72.5 million, which bears interest at 3.625 percent and matures in February 2023. See Note 10: Mortgages, Loans Payable and Other Obligations.

During the second quarter 2016, the Company, which held a 38.25 percent subordinate interest in the unconsolidated Portside Apartment Developers, L.L.C., a joint venture which owns a 175-unit operating multi-family property located in East Boston, Massachusetts, acquired the remaining interests of its joint venture partners for $39.6 million in cash plus the assumption of a mortgage loan secured by the property with a

principal balance of $42.5 million. The cash portion of the acquisition was funded primarily through borrowings under the Company s unsecured revolving credit facility. Upon acquisition, the Company consolidated the asset and accordingly, remeasured its equity interests, as required by the FASB s consolidation guidance, at fair value (based upon the income approach using current rates and market cap rates and discount rates). As a result, the Company recorded a gain on change of control of interests of $5.2 million in the nine months ended September 30, 2016. On July 8, 2016, the Company repaid the assumed loan and obtained a new loan secured by the property in the amount of $59 million, which bears interest at 3.44 percent and matures in August 2023. See Note 10: Mortgages, Loans Payable and Other Obligations.

Other Investments

On April 26, 2016, the Company acquired the remaining non-controlling interest in a development project located in Weehawken, NJ for $36.4 million. The project includes developable land for approximately 1,100 multi-family units, 290,000 square feet of office space, a 52.5 percent ownership interest in Port Imperial 4/5 Garage and Retail operating properties. The initial phase, Port Imperial South 11, a 295-unit multi-family project, began construction in the second quarter 2016.

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Dispositions/Rental Property Held for Sale

The Company disposed of the following office and multi-family properties during the nine months ended September 30, 2016 *(dollars in thousands)*:

Disposition Date	Property/Address	Location	# of Bldgs.	Net Sales Proceeds	Net Book Value	Realized Gains (losses)/ Unrealized Losses, net
03/11/16	2 Independence Way (a)	Princeton, New Jersey	1	$ 4,119	$ 4,283	$ (164)
03/24/16	1201 Connecticut Avenue, NW	Washington, D.C.	1	90,591	31,827	58,764
04/26/16	125 Broad Street (b)	New York, New York	1	192,323	200,183	(7,860)
05/09/16	9200 Edmonston Road	Greenbelt, Maryland	1	4,083(c)	3,837	246
05/18/16	1400 L Street	Washington, D.C.	1	68,399(d)	30,053	38,346
07/14/16	600 Parsippany Road	Parsippany, New Jersey	1	10,465(e)	5,875	4,590
07/14/16	4,5,6 Century Drive (f)	Parsippany, New Jersey	3	14,533	17,308	(2,775)
08/11/16	Andover Place	Andover, Massachusetts	1	39,863	37,150	2,713
09/26/16	222,233 Mount Airy Road (g)	Basking Ridge, New Jersey	2	8,817	9,039	(222)
09/27/16	10 Mountainview Road	Upper Saddle River, New Jersey	1	18,990	19,571	(581)
Sub-total			13	452,183	359,126	93,057
Unrealized losses on rental property held for sale						(24,393)
Totals			13	$ 452,183	$ 359,126	$ 68,664

(a) The Company recorded an impairment charge of $3.2 million on this property during the year ended December 31, 2015.
(b) The Company recorded impairment charges of $83.2 million on this property during the year ended December 31, 2015.
(c) The Company transferred the deed for this property to the lender in satisfaction of its obligations. The Company recorded an impairment charge of $3.0 million on this property during the year ended December 31, 2012.
(d) $28.5 million of the net sales proceeds from this sale were held by a qualified intermediary until such funds are used in acquisitions.
(e) $10.5 million of the net sales proceeds from this sale were held by a qualified intermediary until such funds are used in acquisitions.
(f) The Company recorded impairment charges of $9.8 million on these properties during the year ended December 31, 2015.
(g) The Company recorded impairment charges of $1 million on these properties during the year ended December 31, 2015.

Rental Property Held for Sale, Net

During the three months ended September 30, 2016, the Company signed agreements to sell 14 office properties totaling approximately 1.8 million square feet, subject to certain conditions, and identified them as held for sale as of September 30, 2016. The properties are located in Freehold, New Jersey, Roseland, New Jersey, Greenbelt, Maryland and Lanham, Maryland. The total estimated sales proceeds from the three separate sales are expected to be approximately $113 million. The Company determined that the carrying value of 11 of the office properties were not expected to be recovered from estimated net sales proceeds and accordingly recognized an unrealized loss allowance of $24.4 million at September 30, 2016.

Unconsolidated Joint Venture Activity

On April 1, 2016, the Company bought out its partner PruRose Riverwalk G, L.L.C. for $11.3 million and increased its subordinated interest in Riverwalk G Urban Renewal, L.L.C. from 25 percent to 50 percent using borrowings on the Company s unsecured credit facility. Riverwalk G Urban Renewal, L.L.C., owns a 316-unit operating multi-family property located in West New York, New Jersey.

On May 26, 2016, the Company sold its 50 percent interest in Port Imperial South 15, L.L.C. (RiversEdge) and its 20 percent interest in Port Imperial South 13 Urban Renewal, L.L.C. (RiverParc), joint ventures that own the 236-unit and the 280-unit multi-family operating properties, respectively, located in Weehawken, New Jersey for $6.4 million. The Company realized a gain on the sale of $5.7 million.

Critical Accounting Policies and Estimates

The accompanying consolidated financial statements include all accounts of the Company, its majority-owned and/or controlled subsidiaries, which consist principally of the Operating Partnership and variable interest entities for which the Company has determined itself to be the primary beneficiary, if any. See Note 2: Significant Accounting Policies Investments in Unconsolidated Joint Ventures to the Financial Statements, for the Company s treatment of unconsolidated joint venture interests. Intercompany accounts and transactions have been eliminated.

Accounting Standards Codification (ASC) 810, Consolidation, provides guidance on the identification of entities for which control is achieved through means other than voting rights (variable interest entities or VIEs) and the determination of which business enterprise, if any, should consolidate the VIEs. Generally, the consideration of whether an entity is a VIE applies when either: (1) the equity investors (if any) lack (i) the ability to make decisions about the entity s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; (2) the equity investment at risk is insufficient to finance that entity s activities without additional subordinated financial support; or (3) the

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equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The Company consolidates VIEs in which it is considered to be the primary beneficiary. The primary beneficiary is defined by the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the variable interest entity s performance: and (2) the obligation to absorb losses and right to receive the returns from the VIE that would be significant to the VIE.

On January 1, 2016, the Company adopted accounting guidance under ASC 810, Consolidation, modifying the analysis it must perform to determine whether it should consolidate certain types of legal entities. The guidance does not amend the existing disclosure requirements for variable interest entities or voting interest model entities. The guidance, however, modified the requirements to qualify under the voting interest model. Under the revised guidance, the Operating Partnership will be a variable interest entity of the parent company, Mack-Cali Realty Corporation. As the Operating Partnership is already consolidated in the balance sheets of Mack-Cali Realty Corporation, the identification of this entity as a variable interest entity has no impact on the consolidated financial statements of Mack-Cali Realty Corporation. There were no other legal entities qualifying under the scope of the revised guidance that were consolidated as a result of the adoption.

The Financial Statements have been prepared in conformity with generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with 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 reported period. Actual results could differ from these estimates. Certain reclassifications have been made to prior period amounts in order to conform with current period presentation. These estimates and assumptions are based on management s historical experience that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. The Company s critical accounting policies are those which require assumptions to be made about matters that are highly uncertain. Different estimates could have a material effect on the Company s financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions and circumstances.

Rental Property:

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Acquisition-related costs are expensed as incurred. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Interest capitalized by the Company for the nine months ended September 30, 2016 and 2015 was $14.4 million and $11.7 million, 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.

The Company considers a construction project as substantially completed and held available for occupancy upon the substantial completion of tenant improvements, but no later than one year from cessation of major construction activity (as distinguished from activities such as routine maintenance and cleanup). If portions of a rental project are substantially completed and occupied by tenants, or held available for occupancy, and other portions have not yet reached that stage, the substantially completed portions are accounted for as a separate project. The Company allocates costs incurred between the portions under construction and the portions substantially completed and held available for occupancy, primarily based on a percentage of the relative square footage of each portion, and capitalizes only those costs associated with the portion under construction.

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

Upon acquisition of rental property, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities assumed, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their fair values. The Company records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed differ from the purchase consideration of a transaction. In estimating the fair value of the tangible and

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intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management s estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed rate renewal options for below-market leases. The capitalized above-market lease values are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed rate renewal options of the respective leases.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values, which are based on management s evaluation of the specific characteristics of each tenant s lease and the Company s overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Company s existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant s credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles are amortized to expense over the anticipated life of the relationships.

On a periodic basis, management assesses whether there are any indicators that the value of the Company s rental properties held for use may be impaired. In addition to identifying any specific circumstances which may affect a property or properties, management considers other criteria for determining which properties may require assessment for potential impairment. The criteria considered by management include reviewing low leased percentages, significant near-term lease expirations, current and historical operating and/or cash flow losses, near-term mortgage debt maturities or other factors that might impact the Company s intent and ability to hold the property. 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 is 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 value of the property over the fair value of the property. The Company s estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions. These assumptions are generally based on management s experience in its local real estate markets and the effects of current market conditions. The assumptions are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management s assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved, and actual losses or impairments may be realized in the future.

Rental Property Held for Sale:

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. The Company generally considers assets to be held for sale when the transaction has received appropriate corporate authority and there are no significant contingencies relating to the sale. If, in management s opinion, the estimated net sales price, net of selling costs, of the assets which have been identified as held for sale is less than the carrying value of the assets, a valuation allowance is

established.

If circumstances arise that previously were considered unlikely and, as a result, the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying value before the property was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

Investments in Unconsolidated Joint Ventures:

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting. The Company applies the equity method by initially recording these investments at cost, as Investments in Unconsolidated Joint Ventures, subsequently adjusted for equity in earnings and cash contributions and distributions. The outside basis portion of the Company s joint ventures is amortized over the anticipated useful lives of the underlying ventures tangible and intangible assets acquired and liabilities assumed. Generally, the Company would discontinue applying the equity method when the investment (and any advances)

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is reduced to zero and would not provide for additional losses unless the Company has guaranteed obligations of the venture or is otherwise committed to providing further financial support for the investee. If the venture subsequently generates income, the Company only recognizes its share of such income to the extent it exceeds its share of previously unrecognized losses.

On a periodic basis, management assesses whether there are any indicators that the value of the Company s investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management s estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying value of the investment over the value of the investment. The Company s estimates of value for each investment (particularly in real estate joint ventures) are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and operating costs. As these factors are difficult to predict and are subject to future events that may alter management s assumptions, the values estimated by management in its impairment analyses may not be realized, and actual losses or impairment may be realized in the future. See Note 4: Investments in Unconsolidated Joint Ventures to the Financial Statements.

Revenue Recognition:

Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the cumulative amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management s estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the remaining initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases.

Escalations and recoveries from tenants 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.

Real estate services revenue includes property management, development, construction and leasing commission fees and other services, and payroll and related costs reimbursed from clients. Fee income derived from the Company s unconsolidated joint ventures (which are capitalized by such ventures) are recognized to the extent attributable to the unaffiliated ownership interests.

Parking income includes income from parking spaces leased to tenants and others.

Other income includes income from tenants for additional services arranged for by the Company and income from tenants for early lease terminations.

Allowance for Doubtful Accounts:

Management performs a detailed review of amounts due from tenants to determine if an allowance for doubtful accounts is required based on factors affecting the collectability of the accounts receivable balances. The factors considered by management in determining which individual tenant receivable balances, or aggregate receivable balances, require a collectability allowance include the age of the receivable, the tenant s payment history, the nature of the charges, any communications regarding the charges and other related information. Management s estimate of the allowance for doubtful accounts requires management to exercise significant judgment about the timing, frequency and severity of collection losses, which affects the allowance and net income.

Results From Operations

The following comparisons for the three and nine months ended September 30, 2016 (2016), as compared to the three and nine months ended September 30, 2015 (2015), make reference to the following: (i) the effect of the Same-Store Properties, which represent all in-service properties owned by the Company at June 30, 2015 (for the three-month period comparison), and which represent all in-service properties owned by the Company at December 31, 2014, (for the nine-month period comparisons), excluding properties that were sold, disposed of, removed from service, or being redeveloped or repositioned from January 1, 2015 through September 30, 2016; (ii) the effect of the Acquired Properties, which represent all properties acquired by the Company or commencing initial operations from July 1, 2015 through September 30, 2016 (for the three-month comparisons), and which represent all properties acquired by the Company or commencing initial operations from January 1, 2015 through September 30, 2016 (for the nine-month period comparisons) and (iii) the effect of Properties Sold, which represent properties sold, disposed of, or removed

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from service (including properties being redeveloped or repositioned) by the Company from January 1, 2015 through September 30, 2016. During 2016 and 2015, four office properties, aggregating 634,523 square feet, were removed from service as they were being redeveloped by the Company.

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015

(dollars in thousands)	Three Months Ended September 30, 2016	2015	Dollar Change	Percent Change
Revenue from rental operations and other:				
Base rents	$ 129,523	$ 119,707	$ 9,816	8.2%
Escalations and recoveries from tenants	16,177	15,050	1,127	7.5
Parking income	3,443	2,749	694	25.2
Other income	1,724	1,142	582	51.0
Total revenues from rental operations	150,867	138,648	12,219	8.8
Property expenses:				
Real estate taxes	20,606	19,143	1,463	7.6
Utilities	14,127	13,172	955	7.3
Operating services	25,553	24,535	1,018	4.1
Total property expenses	60,286	56,850	3,436	6.0
Non-property revenues:				
Real estate services	6,650	7,510	(860)	(11.5)
Total non-property revenues	6,650	7,510	(860)	(11.5)
Non-property expenses:				
Real estate services expenses	6,361	6,673	(312)	(4.7)
General and administrative	14,007	13,670	337	2.5
Acquisition-related costs	815		815	
Depreciation and amortization	48,117	44,099	4,018	9.1
Impairments		164,176	(164,176)	(100.0)
Total non-property expenses	69,300	228,618	(159,318)	(69.7)
Operating income	27,931	(139,310)	167,241	120.0
Other (expense) income:				
Interest expense	(24,233)	(24,689)	456	1.8
Interest and other investment income (loss)	1,262	5	1,257	25,140.0
Equity in earnings (loss) of unconsolidated joint ventures	21,790	3,135	18,655	595.1
Gain on change of control of interests				
Realized gains (losses) and unrealized losses on disposition of rental property, net	(17,053)	18,718	(35,771)	(191.1)
Gain on sale of investment in unconsolidated joint venture				
Loss from extinguishment of debt, net	(19,302)		(19,302)	
Total other (expense) income	(37,536)	(2,831)	(34,705)	(1,225.9)
Net income (loss)	$ (9,605)	$ (142,141)	$ 132,536	93.2%

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The following is a summary of the changes in revenue from rental operations and property expenses in 2016 as compared to 2015 divided into Same-Store Properties, Acquired Properties and Properties Sold in 2015 and 2016 *(dollars in thousands):*

(dollars in thousands)	Total Company Dollar Change	Total Company Percent Change	Same-Store Properties Dollar Change	Same-Store Properties Percent Change	Acquired Properties Dollar Change	Acquired Properties Percent Change	Properties Sold in 2015 and 2016 Dollar Change	Properties Sold in 2015 and 2016 Percent Change
Revenue from rental operations and other:								
Base rents	$ 9,816	8.2%	$ 6,174	5.2%	$ 13,376	11.2%	$ (9,734)	(8.2)%
Escalations and recoveries from tenants	1,127	7.5	1,132	7.5	1,281	8.5	(1,286)	(8.5)
Parking income	694	25.2	33	1.2	711	25.9	(50)	(1.9)
Other income	582	51.0	589	51.6	(2)	(0.2)	(5)	(0.4)
Total	$ 12,219	8.8%	$ 7,928	5.7%	$ 15,366	11.1%	$ (11,075)	(8.0)%
Property expenses:								
Real estate taxes	$ 1,463	7.6%	$ 2,491	13.0%	$ 1,175	6.1%	$ (2,203)	(11.5)%
Utilities	955	7.3	560	4.3	1,136	8.6	(741)	(5.6)
Operating services	1,018	4.1	925	3.8	2,575	10.5	(2,482)	(10.2)
Total	$ 3,436	6.0%	$ 3,976	7.0%	$ 4,886	8.6%	$ (5,426)	(9.5)%
OTHER DATA:								
Number of Consolidated Properties	214		208		6		22	
Commercial Square feet *(in thousands)*	23,355		22,322		1,033		2,967	
Multi-family portfolio *(number of units)*	1,627		1,081		546			

Base rents. Base rents for the Same-Store Properties increased $6.2 million, or 5.2 percent, for 2016 as compared to 2015, due primarily to a 1.4 percent increase in the average same store percent leased to 87.2 percent from 85.8 percent, and an $0.84 increase in average annual rents per square foot to $22.40 from $21.56 for 2016 as compared to 2015.

Escalations and recoveries. Escalations and recoveries from tenants for the Same-Store Properties increased $1.1 million, or 7.5 percent, for 2016 over 2015 due primarily to higher utility and operating expenses to recover in 2016, as well as lower recoveries from tenants in 2015 on account of real estate tax appeal proceeds.

Parking income. Parking income for the Same-Store Properties was relatively unchanged for 2016 as compared to 2015.

Other income. Other income for the Same-Store Properties increased $0.6 million, or 51.6 percent, for 2016 over 2015, due primarily to proceeds from a litigation settlement received in 2016.

Real estate taxes. Real estate taxes on the Same-Store Properties increased $2.5 million, or 13.0 percent, for 2016 as compared to 2015. The change in real estate taxes principally results from a decrease in tax appeal proceeds received in 2016 as compared to 2015. Real estate taxes, without the effect of net tax appeal proceeds, increased $0.7 million, or 3.9 percent, for 2016 over 2015, due primarily to increased rates.

Utilities. Utilities for the Same-Store Properties increased $0.6 million, or 4.3 percent, for 2016 as compared to 2015, due primarily to increased usage in 2016 as compared to 2015.

Operating Services. Operating services for the Same-Store Properties increased $0.9 million, or 3.8 percent, due primarily to an increase in maintenance costs in 2016 as compared to 2015.

Real estate services revenue. Real estate services revenue (primarily reimbursement of property personnel costs) decreased $0.9 million, or 11.5 percent, for 2016 as compared to 2015, due primarily to decreased third party development and management activity in multi-family services in 2016 as compared to 2015.

Real estate services expense. Real estate services expense decreased $0.3 million, or 4.7 percent, for 2016 as compared to 2015, due primarily to decreased compensation and related costs.

General and administrative. General and administrative expenses increased $0.3 million in 2016 as compared to 2015, due primarily to increases in various small overhead items.

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Acquisition-related costs. The Company incurred transaction costs of $0.8 million in 2016 related to the Company s property and consolidated joint venture acquisitions. See Note 3 to the Financial Statements: Recent Transactions Acquisitions.

Depreciation and amortization. Depreciation and amortization increased $4.0 million, or 9.1 percent, for 2016 over 2015. This increase was due primarily to depreciation of $9.9 million in 2016 on the Acquired Properties, partially offset by lower depreciation of $4.8 million in 2016 as compared to 2015 for properties sold or removed from service and a decrease of $1.1 million for 2016 as compared to 2015 on the Same-Store Properties due to assets becoming fully amortized.

Interest expense. Interest expense decreased $0.5 million, or 1.8 percent, for 2016 as compared to 2015. This decrease was primarily the result of lower average interest rates achieved on refinanced debt in late 2015 and early 2016.

Impairments. The Company recorded $164.2 million in impairment charges in 2015 on certain properties to reduce the carrying value to their estimated fair market values.

Interest and other investment income. Interest and other investment income increased $1.3 million, 2016 over 2015, primarily as a result of a valuation mark-to-market gain for an interest swap in 2016.

Equity in earnings (loss) of unconsolidated joint ventures. Equity in earnings of unconsolidated joint ventures increased $18.7 million, or 595.1 percent, for 2016 as compared to 2015. The increase was due primarily to an increase in equity in earnings income of $21.7 million from refinancing proceeds received from the Company s South Pier at Harborside venture, partially offset by several small decreases in equity in earnings for certain joint ventures in 2016 as compared to 2015.

Realized gains (losses) and unrealized losses on disposition of rental property, net. The Company had realized losses on disposition of rental property of $7.3 million in 2016, net of unrealized valuation losses recognized on property held for sale of $24.4 million, and $18.7 million in net gains from sales in 2015.

Loss from extinguishment of debt, net. In 2016, the Company recognized a loss from extinguishment of debt of $19.3 million due to the costs of the early repayment of certain Senior Unsecured Notes. See Note 7 to the Financial Statements: Senior Unsecured Notes.

Net income. Net loss decreased to $9.6 million in 2016 from a loss of $142.1 million in 2015. The decreased loss of $132.5 million was due to the factors discussed above.

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Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

(dollars in thousands)	Nine Months Ended September 30, 2016	2015	Dollar Change	Percent Change
Revenue from rental operations and other:				
Base rents	$ 380,133	$ 364,746	$ 15,387	4.2%
Escalations and recoveries from tenants	45,248	49,291	(4,043)	(8.2)
Parking income	10,131	8,141	1,990	24.4
Other income	4,224	3,707	517	13.9
Total revenues from rental operations	439,736	425,885	13,851	3.3
Property expenses:				
Real estate taxes	66,250	63,005	3,245	5.2
Utilities	38,658	44,146	(5,488)	(12.4)
Operating services	76,309	78,607	(2,298)	(2.9)
Total property expenses	181,217	185,758	(4,541)	(2.4)
Non-property revenues:				
Real estate services	19,931	22,555	(2,624)	(11.6)
Total non-property revenues	19,931	22,555	(2,624)	(11.6)
Non-property expenses:				
Real estate services expenses	19,418	19,520	(102)	(0.5)
General and administrative	39,011	36,558	2,453	6.7
Acquisition-related costs	2,854	111	2,743	2,471.2
Depreciation and amortization	134,639	127,266	7,373	5.8
Impairments		164,176	(164,176)	(100.0)
Total non-property expenses	195,922	347,631	(151,709)	(43.6)
Operating income	82,528	(84,949)	167,477	197.2
Other (expense) income:				
Interest expense	(72,158)	(78,677)	6,519	8.3
Interest and other investment income	739	563	176	31.3
Equity in earnings (loss) of unconsolidated joint ventures	19,622	(2,723)	22,345	820.6
Gain on change of control of interests	15,347		15,347	
Realized gains (losses) and unrealized losses on disposition of rental property, net	68,664	53,261	15,403	28.9
Gain on sale of investment in unconsolidated joint venture	5,670	6,448	(778)	(12.1)
Loss from extinguishment of debt, net	(6,882)		(6,882)	
Total other (expense) income	31,002	(21,128)	52,130	246.7
Net income (loss)	$ 113,530	$ (106,077)	$ 219,607	207.0%

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The following is a summary of the changes in revenue from rental operations and property expenses in 2016 as compared to 2015 divided into Same-Store Properties, Acquired Properties and Properties Sold in 2015 and 2016 *(dollars in thousands):*

	Total Company		Same-Store Properties		Acquired Properties		Properties Sold in 2015 and 2016	
(dollars in thousands)	**Dollar Change**	**Percent Change**	**Dollar Change**	**Percent Change**	**Dollar Change**	**Percent Change**	**Dollar Change**	**Percent Change**
Revenue from rental operations and other:								
Base rents	$ 15,387	4.2%	$ 16,352	4.5%	$ 22,580	6.2%	$ (23,545)	(6.5)%
Escalations and recoveries from tenants	(4,043)	(8.2)	(2,376)	(4.8)	1,903	3.9	(3,570)	(7.3)
Parking income	1,990	24.4	695	8.5	1,393	17.1	(98)	(1.2)
Other income	517	13.9	859	23.2	(24)	(0.6)	(318)	(8.7)
Total	$ 13,851	3.3%	$ 15,530	3.6%	$ 25,852	6.1%	$ (27,531)	(6.4)%
Property expenses:								
Real estate taxes	$ 3,245	5.2%	$ 5,512	8.7%	$ 2,230	3.5%	$ (4,497)	(7.0)%
Utilities	(5,488)	(12.4)	(5,316)	(12.0)	1,976	4.5	(2,148)	(4.9)
Operating services	(2,298)	(2.9)	(1,318)	(1.7)	4,102	5.2	(5,082)	(6.4)
Total	$ (4,541)	(2.4)%	$ (1,122)	(0.6)%	$ 8,308	4.5%	$ (11,727)	(6.3)%
OTHER DATA:								
Number of Consolidated Properties	214		208		6		22	
Commercial Square feet *(in thousands)*	23,355		22,322		1,033		2,967	
Multi-family portfolio *(number of units)*	1,627		1,081		546			

Base rents. Base rents for the Same-Store Properties increased $16.4 million, or 4.5 percent, for 2016 as compared to 2015, due primarily to a 2.5 percent increase in the average same store percent leased to 87.2 percent from 84.7 percent, and a $0.52 increase in average annual rents per square foot to $22.15 from $21.63 for 2016 as compared to 2015.

Escalations and recoveries. Escalations and recoveries from tenants for the Same-Store Properties decreased $2.4 million, or 4.8 percent, for 2016 over 2015 due primarily to lower utility and operating expenses to recover in 2016, as well as lower recoveries from tenants in 2015 on account of real estate tax appeal proceeds.

Parking income. Parking income for the Same-Store Properties increased $0.7 million, or 8.5 percent, for 2016 as compared to 2015 due primarily to increased usage.

Other income. Other income for the Same-Store Properties increased $0.9 million, or 23.2 percent, for 2016 as compared

to 2015, due primarily to proceeds from a litigation settlement received in 2016.

Real estate taxes. Real estate taxes on the Same-Store Properties increased $5.5 million, or 8.7 percent, for 2016 as compared to 2015. The change in real estate taxes principally results from a decrease in tax appeal proceeds received in 2016 as compared to 2015. Real estate taxes, without the effect of net tax appeal proceeds, were relatively unchanged for 2016 as compared to 2015.

Utilities. Utilities for the Same-Store Properties decreased $5.3 million, or 12.0 percent, for 2016 as compared to 2015, due primarily to decreased electricity rates and usage in 2016 as compared to 2015 primarily on account of a mild winter in 2016.

Operating Services. Operating services for the Same-Store Properties decreased $1.3 million, or 1.7 percent, due primarily to a decrease in snow removal costs in 2016 as compared to 2015 on account of a mild winter in 2016.

Real estate services revenue. Real estate services revenue (primarily reimbursement of property personnel costs) decreased $2.6 million, or 11.6 percent, for 2016 as compared to 2015, due primarily to decreased third party development and management activity in multi-family services in 2016 as compared to 2015.

Real estate services expense. Real estate services expense was relatively unchanged for 2016 as compared to 2015.

General and administrative. General and administrative expenses increased $2.5 million, or 6.7 percent, in 2016 as compared to 2015, due primarily to an increase in stock compensation expense in 2016 as compared to 2015.

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Acquisition-related costs. The Company incurred transaction costs of $2.9 million in 2016 and $0.1 million in 2015 related to the Company s property and consolidated joint venture acquisitions.

Depreciation and amortization. Depreciation and amortization increased $7.4 million, or 5.8 percent, for 2016 over 2015. This increase was due primarily to depreciation of $17.7 million in 2016 on the Acquired Properties, partially offset by lower depreciation of $8.5 million in 2016 as compared to 2015 for properties sold or being removed from service and a decrease of $1.8 million for 2016 as compared to 2015 on the Same-Store Properties due to assets becoming fully amortized.

Impairments. The Company recorded $164.2 million in impairment charges in 2015 on certain properties to reduce the carrying value to their estimated fair market values.

Interest expense. Interest expense decreased $6.5 million, or 8.3 percent, for 2016 as compared to 2015. This decrease was primarily the result of lower average interest rates achieved on refinanced debt in late 2015 and 2016.

Interest and other investment income. Interest and other investment income increased $0.2 million, or 31.3 percent, for 2016 as compared to 2015, primarily as a result of a valuation mark-to-market gain for an interest rate swap in 2016.

Equity in earnings (loss) of unconsolidated joint ventures. Equity in earnings of unconsolidated joint ventures increased $22.3 million, or 820.6 percent, for 2016 as compared to 2015. The increase was due primarily to an increase in equity in earnings income of $21.7 million from refinancing proceeds received from the Company s South Pier at Harborside venture.

Gain on change of control of interests. In 2016, the Company recorded a gain on change of control of $15.3 million in connection with the acquisitions of the remaining interests of residential properties located in Malden and East Boston, Massachusetts.

Realized gains (losses) and unrealized losses on disposition of rental property, net. The Company had realized gains on disposition of rental property of $96.7 million net of unrealized losses recognized on property held for sale of $28.0 million in 2016 and $53.3 million in gains from sales in 2015. See Note 3: Recent Transactions to the Financial Statements.

Gain on sale of investment in unconsolidated joint venture. In 2016, the Company realized a gain of $5.7 million on the sale of an unconsolidated joint venture property located in Weehawken, New Jersey. In 2015, the Company realized a gain of $6.4 million on the sale of an unconsolidated joint venture property located in Morristown, New Jersey.

Loss from extinguishment of debt, net. In 2016, the Company recognized a loss from extinguishment of debt, net of $6.9 million, due primarily to a loss of $19.3 million due to the costs of the early repayment of certain Senior Unsecured Notes. See Note 7 to the Financial Statements: Senior Unsecured Notes. This was partially offset by a $12.4 million gain on early extinguishment of debt from the repayment of certain mortgage loans in 2016. See Note 10: Mortgage, Loans Payable and Other Obligations.

Net income. Net income increased to $113.5 million in 2016 from a loss of $106.1 million in 2015. The increase of $219.6 million was due to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Overview:

Historically, rental revenue has been the Company s principal source of funds to pay operating expenses, debt service, capital expenditures and dividends, excluding non-recurring capital expenditures. To the extent that the Company s cash flow from operating activities is insufficient to finance its non-recurring capital expenditures such as property acquisitions, development and construction costs and other capital expenditures, the Company has and expects to continue to finance such activities through borrowings under its revolving credit facility, other debt and equity financings, proceeds from the sale of properties and joint venture capital.

The Company expects to meet its short-term liquidity requirements generally through its working capital, which may include proceeds from the sales of office properties, net cash provided by operating activities and from its revolving credit facility. The Company frequently examines potential property acquisitions and development projects and, at any given time, one or more of such acquisitions or development projects may be under consideration. Accordingly, the ability to fund property acquisitions and development 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, to the extent available, proceeds from property sales, joint venture capital, long-term and short-term borrowings (including draws on the Company s revolving credit facility) and the issuance of additional debt and/or equity securities.

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Construction Projects:

On May 21, 2014, the Company entered into a joint venture agreement with Ironstate Harborside-A LLC (ISA) to form Harborside Unit A Urban Renewal, L.L.C. (URL-Harborside), a newly-formed joint venture that will develop, own and operate a high-rise tower of approximately 763 multi-family apartment units above a parking pedestal to be located on land contributed by the Company at its Harborside complex in Jersey City, New Jersey (the URL Project). The Company owns an 85 percent interest in URL-Harborside and the remaining interest is owned by ISA, with shared control over major decisions such as approval of budgets, property financings and leasing guidelines. The construction of the URL Project is estimated to cost a total of approximately $320 million (of which development costs of $286.7 million have been incurred by URL-Harborside through September 30, 2016). The URL Project is projected to be ready for occupancy by the first quarter of 2017. The venture has a construction/permanent loan with a maximum borrowing amount of $192 million (with $142.7 million outstanding as of September 30, 2016). The Company does not expect to fund any future development costs of the project, as future development costs will be funded by using the loan financing.

The Company owns a 76.25 percent interest in a consolidated joint venture which is constructing a 108-unit multi-family development rental property located in Eastchester, New York (the Eastchester Project). The project is expected to be ready for occupancy in the fourth quarter of 2016. The Eastchester Project is estimated to cost a total of $53.1 million (of which development costs of $49.4 million have been incurred through September 30, 2016). The venture has a $28.8 million construction loan (with $25.2 million outstanding as of September 30, 2016). The Company expects to fund costs of approximately $24 million for the development of the project (of which, as of September 30, 2016, the Company has funded $20.1 million of the development costs and estimates it will need to fund an additional $3.9 million for the completion of the project).

On April 1, 2015, the Company acquired vacant land in Worcester, Massachusetts to accommodate a two-phase development of the CitySquare Project for a purchase price of $3.1 million with an additional $1.25 million to be paid (which is accrued as of September 30, 2016), subject to certain conditions, in accordance with the terms of the purchase and sale agreement. The first phase with 237 units started construction in the third quarter 2015 with anticipated initial deliveries in the fourth quarter 2017. The second phase with 128 units started construction in the third quarter 2016 with anticipated initial deliveries in the third quarter 2018. The Company has a construction loan with a maximum borrowing amount of $41.5 million and has received a term sheet to increase the loan to $58 million related to the construction of the second phase (with no outstanding balance as of September 30, 2016). Total development costs for both phases are estimated to be approximately $90.5 million (of which $23.9 million was incurred by the Company through September 30, 2016 and estimates it will need to fund an additional $8.6 million for the completion of the project).

On October 6, 2015, the Company entered into a joint venture partnership with XS Port Imperial Hotel, LLC (XS) to form XS Hotel Urban Renewal Associates LLC (XS Hotel URA) for the development and ownership of a 372-key dual branded hotel property located in Weehawken, New Jersey (Port Imperial Hotel). Concurrently, the Company and XS entered into a separate joint venture partnership to form XS Hotel Associates, L.L.C. (XS Hotel) for the management and operations of the completed hotel development. The Company holds a 90 percent interest and XS holds the remaining 10 percent interest in the consolidated joint ventures, XS Hotel URA and XS Hotel, with the Company having full and complete authority, power, and discretion to manage and control the ventures business, affairs, and property. The construction of the Port Imperial Hotel is estimated to cost a total of $105.9 million. The venture has a $94 million construction loan (with $8.3 million outstanding as of September 30, 2016). As of September 30, 2016, the Company incurred development costs of $8.4 million and will not need to fund additional costs for the completion of the project.

The Company owns developable land to accommodate a multi-phase development project of approximately 1,034-unit multi-family rental property located in Malden, Massachusetts. The initial phase commenced construction of 292 units in the third quarter of 2015 (the Chase II Project). The Chase II project is estimated to cost a total of $74.9 million (of which the Company has funded $26.9 million through

September 30, 2016) and is expected to be ready for occupancy by fourth quarter of 2016. The Company has a construction loan with a maximum borrowing amount of $48 million (with $23.6 million outstanding as of September 30, 2016). The Company will not need to fund additional costs for the completion of the Chase II Project.

The Company owned an office property that has been repurposed for residential use. The 197-unit multi-family development project, which is located in Morris Plains, New Jersey (Signature Place Project), is expected to be ready for occupancy by the fourth quarter of 2017. The Signature Place Project, which is estimated to cost a total of $58.7 million (of which development costs of $13.1 million have been incurred through September 30, 2016) is expected to be funded by a $42 million construction loan. The Company expects to fund costs of approximately $16.7 million for the development of the project, of which the Company has incurred $12.9 million as of September 30, 2016.

The Company owns a leasehold interest in a developable land for a 296-unit multi-family development project located in East Boston, Massachusetts (Portside 5/6 Project). The project is expected to be ready for occupancy by the first quarter of 2018. The Portside 5/6 Project, which is estimated to cost a total of $111.4 million (of which development costs of $27.7 million have been incurred through September 30, 2016), is expected to be funded primarily by a $73 million construction loan. The Company expects to fund costs of $38.4 million for the development of the project, of which the Company has funded $26.0 million as of September 30, 2016.

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The Company owns a developable land for a 295-unit multi-family development project located in Weehawken, New Jersey (RiverHouse 11 Project), which began construction in the first quarter 2016. The project is expected to be ready for occupancy by first quarter 2018. The RiverHouse 11 Project, which is estimated to cost a total of $124 million (of which development costs of $33 million have been incurred through September 30, 2016), is expected to be funded primarily by a $78 million construction loan. The Company expects to fund costs of $46 million for the development of the project, of which the Company has funded $25.8 million as of September 30, 2016.

The Company owns developable land to accommodate a development project of approximately 310-unit multi-family rental property located in Conshohocken, Pennsylvania, which began construction in the third quarter of 2016 (the 51 Washington Street Project) with anticipated initial occupancy in the fourth quarter of 2018. The 51 Washington Street Project, which is estimated to cost a total of $86.1 million, (of which development costs of $19.5 million have been incurred through September 30, 2016), is expected to be funded with a $54 million construction loan and the balance of $32.1 million from the Company.

REIT Restrictions:

To maintain its qualification as a REIT under the Code, the General Partner must make annual distributions to its stockholders of at least 90 percent of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains. Moreover, the General Partner intends to continue to make regular quarterly distributions to its common stockholders. Based upon the most recently paid common stock dividend rate of $0.15 per common share, in the aggregate, such distributions would equal approximately $53.8 million ($60.5 million, including units in the Operating Partnership, held by parties other than the General Partner) on an annualized basis. However, any such distributions, whether for federal income tax purposes or otherwise, would be paid out of available cash, including borrowings and other sources, after meeting operating requirements, preferred stock dividends and distributions, and scheduled debt service on the Company s debt. If and to the extent the Company retains and does not distribute any net capital gains, the General Partner will be required to pay federal, state and local taxes on such net capital gains at the rate applicable to capital gains of a corporation.

Property Lock-Ups:

Through February 2016, the Company could not dispose of or distribute certain of its properties which were originally contributed by certain unrelated common unitholders of the Operating Partnership, without the express written consent of such common unitholders, as applicable, except in a manner which did not result in recognition of any built-in-gain (which could result in an income tax liability) or which reimbursed the appropriate specific common unitholders for the tax consequences of the recognition of such built-in-gains (collectively, the Property Lock-Ups). The aforementioned restrictions did not apply in the event that the Company sold all of its properties or in connection with a sale transaction which the Company s Board of Directors determined was reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expired as of February 2016. Upon the expiration of the Property Lock-Ups, the Company is generally required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the specific common unitholders, which include members of the Mack Group (which includes William L. Mack, Chairman of the Company s Board of Directors; David S. Mack, director; and Earle I. Mack, a former director), the Robert Martin Group (which includes Robert F. Weinberg, a former director and current member of its Advisory Board), and the Cali Group (which includes John R. Cali, a former director and current member of its Advisory Board). As of September 30, 2016, 116 of the Company s properties, with an aggregate carrying value of approximately $1.3 billion, have lapsed restrictions and are subject to these conditions.

Unencumbered Properties:

As of September 30, 2016, the Company had 196 unencumbered properties with a carrying value of $2.2 billion representing 91.2 percent of the Company s total consolidated property count.

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Cash Flows

Cash and cash equivalents decreased by $15.5 million to $21.6 million at September 30, 2016, compared to $37.1 million at December 31, 2015. This decrease is comprised of the following net cash flow items:

(1) $104.8 million provided by operating activities.

(2) $283.2 million used in investing activities, consisting primarily of the following:

(a)	$31.3 million used for investments in unconsolidated joint ventures; plus
(b)	$37.9 million used for acquisition of noncontrolling interests; plus
(c)	$405.8 million used for rental property acquisitions and related intangibles; plus
(d)	$94 million used for additions to rental property and improvements; plus
(e)	$150.6 million used for the development of rental property, other related costs and deposits; plus
(f)	$0.3 million increase in restricted cash; minus
(g)	$409.1 million from proceeds from the sales of rental property; minus
(h)	$0.4 million received from payments of notes receivables; minus
(i)	$6.4 million from proceeds from the sale of investment in unconsolidated joint venture; minus
(j)	$20.9 million received from distributions in excess of cumulative earnings from unconsolidated joint ventures.

(3) $162.9 million provided by financing activities, consisting primarily of the following:

(a)	$793 million from borrowings under the revolving credit facility; plus
(b)	$350 million from borrowings from unsecured term loan; plus
(c)	$426.6 million from proceeds received from mortgages and loans payable; plus
(d)	$1.1 million from contributions from noncontrolling interests; minus.
(e)	$853 million used for repayments of revolving credit facility; minus
(f)	$314.8 million used for repayment of senior unsecured notes; minus
(g)	$188 million used for repayments of mortgages, loans payable and other obligations; minus
(h)	$45.1 million used for payments of dividends and distributions; minus
(i)	$7.1 million used for repayment of finance cost.

Debt Financing

Summary of Debt:

The following is a breakdown of the Company s debt between fixed and variable-rate financing as of September 30, 2016:

		Balance ($000 s)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt and Other Obligations	$	1,310,136	52.95%	3.99%	3.79
Fixed Rate Secured Debt		902,306	36.47%	5.40%	4.99
Variable Rate Secured Debt		166,706	6.74%	4.83%	1.05
Variable Rate Unsecured Debt (b)		95,000	3.84%	1.85%	0.83
Totals/Weighted Average:	$	2,474,148	100.00%	4.48%(b)	3.93
Adjustment for unamortized debt discount		(5,013)			
Unamortized deferred financing costs		(13,826)			
Total Debt, Net	$	2,455,309			

(a) The actual weighted average LIBOR rate for the Company s outstanding variable rate debt was 0.54 percent as of September 30, 2016, plus the applicable spread.

(b) Excludes amortized deferred financing costs pertaining to the Company s unsecured revolving credit facility which amounted to $0.8 million and $2.4 million for the three and nine months ended September 30, 2016.

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Debt Maturities:

Scheduled principal payments and related weighted average annual effective interest rates for the Company s debt as of September 30, 2016 are as follows:

Period	Scheduled Amortization ($000 s)	Principal Maturities ($000 s)	Total ($000 s)	Weighted Avg. Effective Interest Rate of Future Repayments (a)
October 1 to December 31, 2016	$ 2,031	$ 115,180	$ 117,211	8.56%
2017 (b)	7,275	511,311	518,586	3.64%
2018	7,311	263,446	270,757	6.29%
2019	1,970	573,839	575,809	4.66%
2020	1,977		1,977	4.05%
Thereafter	8,862	980,946	989,808	3.83%
Sub-total	29,426	2,444,722	2,474,148	
Adjustment for unamortized debt discount/premium, net as of September 30, 2016	(5,013)		(5,013)	
Unamortized deferred financing costs	(13,826)		(13,826)	
Totals/Weighted Average	$ 10,587	$ 2,444,722	$ 2,455,309	4.48%(c)

(a) The actual weighted average LIBOR rate for the Company s outstanding variable rate debt was 0.54 percent as of September 30, 2016, plus the applicable spread.

(b) Includes outstanding borrowings of the Company s unsecured revolving credit facility of $95 million which matures in 2017 with two six-month extension options with the payment of a 7.5 basis point fee.

(c) Excludes amortized deferred financing costs pertaining to the Company s unsecured revolving credit facility which amounted to $0.8 million and $2.4 million for the three and nine months ended September 30, 2016.

Senior Unsecured Notes:

On September 12, 2016, the Company commenced a tender offer to purchase for cash any and all of its $250 million principal amount, 7.750 percent Senior Unsecured Notes due August 15, 2019, subject to certain terms and conditions. On September 19, 2016, the Company purchased $114.9 million principal amount of these notes validly tendered pursuant to its tender offer. The purchase price, including a make-whole premium, was 115.977 percent of the face amount of these notes, plus all accrued and unpaid interest up to the settlement date. The Company funded the purchase price, including accrued and unpaid interest, of approximately $134.1 million using available cash and borrowings on the Company s unsecured revolving credit facility. In connection with the purchase of these notes, the Company recorded approximately $19.3 million as a loss from extinguishment of debt for the three and nine months ended September 30, 2016.

The terms of the Company s senior unsecured notes (which totaled approximately $1.0 billion as of September 30, 2016) 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.

Unsecured Term Loan:

On January 7, 2016, the Company obtained a new $350 million unsecured term loan, which matures in January 2019 with two one-year extension options. The interest rate for the new term loan is currently 140 basis points over LIBOR, subject to adjustment on a sliding scale based on the Operating Partnership s unsecured debt ratings, or at the Company s option, a defined leverage ratio. The Company entered into interest rate swap arrangements to fix LIBOR for the duration of the term loan. Including costs, the current all-in fixed rate is 3.13 percent. The proceeds from the loan were used primarily to repay outstanding borrowings on the Company s unsecured revolving credit facility and to repay the Company s $200 million, 5.8 percent senior unsecured notes that matured on January 15, 2016.

The interest rate on the unsecured term loan is based upon the Operating Partnership s unsecured debt ratings, as follows:

Operating Partnership s Unsecured Debt Ratings: Higher of S&P or Moody s	**Interest Rate - Applicable Basis Points Above LIBOR**
No ratings or less than BBB-/Baa3	185.0
BBB- or Baa3 (current interest rate based on Company s election)	140.0
BBB or Baa2	115.0
BBB+ or Baa1	100.0
A- or A3 or higher	90.0

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If the Company elected to use the defined leverage ratio, the interest rate under the unsecured term loan would be based on the following total leverage ratio grid:

Total Leverage Ratio	Interest Rate - Applicable Basis Points above LIBOR
<45%	145
≥45% and <50% (current ratio)	155
≥50% and <55%	165
≥55%	195

The terms of the unsecured term loan include certain restrictions and covenants which limit, among other things the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the term loan described below, or (ii) the property dispositions are completed while the Company is under an event of default under the term loan, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio (60 percent), the maximum amount of secured indebtedness (40 percent), the minimum amount of fixed charge coverage (1.5 times), the maximum amount of unsecured indebtedness (60 percent), the minimum amount of unencumbered property interest coverage (2.0 times) and certain investment limitations (generally 15 percent of total capitalization). If an event of default has occurred and is continuing, the Company will not make any excess distributions except to enable the General Partner to continue to qualify as a REIT under the Code. The Company was in compliance with its debt covenants under its unsecured term loan as of September 30, 2016.

Unsecured Revolving Credit Facility:

The Company has a $600 million unsecured revolving credit facility with a group of 17 lenders. The facility is expandable to $1 billion and matures in July 2017. It has two six month extension options each requiring the payment of a 7.5 basis point fee. The interest rate on outstanding borrowings (not electing the Company s competitive bid feature) and the facility fee on the current borrowing capacity payable quarterly in arrears are based upon the Operating Partnership s unsecured debt ratings, as follows:

Operating Partnership s Unsecured Debt Ratings: Higher of S&P or Moody s	Interest Rate - Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3	170.0	35.0
BBB- or Baa3 (current)	130.0	30.0
BBB or Baa2	110.0	20.0
BBB+ or Baa1	100.0	15.0
A- or A3 or higher	92.5	12.5

The facility has a competitive bid feature, which allows the Company to solicit bids from lenders under the facility to borrow up to $300 million at interest rates less than those above.

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio (60 percent), the maximum amount of secured indebtedness (40 percent), the minimum amount of fixed charge coverage (1.5 times), the maximum amount of unsecured indebtedness (60 percent), the minimum amount of unencumbered property interest coverage (2.0 times) and certain investment limitations (generally 15 percent of total capitalization). If an event of default has occurred and is continuing, the Company will not make any excess distributions except to enable the General Partner to continue to qualify as a REIT under the Code.

Mortgages, Loans Payable and Other Obligations:

On September 30, 2016, the Company obtained a $250 million mortgage loan, collateralized by its office property located at 101 Hudson Street in Jersey City, New Jersey. The loan bears an interest rate of 3.117 percent and matures in October 2026. The loan is interest-only during its term.

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

Debt Strategy:

The Company does not intend to reserve funds to retire the Company s senior unsecured notes, outstanding borrowings under its unsecured revolving credit facility, its unsecured term loan, or its mortgages, loans payable and other obligations 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 on or before the applicable maturity dates. If it cannot raise sufficient proceeds to retire the maturing debt, the Company may draw on its revolving credit facility to retire the maturing indebtedness, which would reduce the future availability of funds under such facility. As of October 21, 2016, the Company had outstanding borrowings of $125 million under its unsecured revolving credit facility. The Company is reviewing various financing and refinancing options, including the purchase of the Operating Partnership s senior unsecured notes in privately-negotiated transactions, the issuance of additional, or exchange of current, unsecured debt, of the Operating Partnership or common and preferred stock of the General Partner, and/or obtaining additional mortgage debt, some or all of which may be completed in 2016. The Company currently anticipates that its available cash and cash equivalents, cash flows from operating activities and proceeds from the sale of office properties, together with cash available from borrowings and other sources, will be adequate to meet the Company s capital and liquidity needs in the short term. However, if these sources of funds are insufficient or unavailable, due to current economic conditions or otherwise, or if capital needs to fund acquisition and development opportunities in the multi-family rental sector arise, the Company s ability to make the expected distributions discussed in REIT Restrictions above may be adversely affected.

Equity Financing and Registration Statements

Common Equity:

The following table presents the changes in the General Partner s issued and outstanding shares of common stock and the Operating Partnership s common units for the nine months ended September 30, 2016:

	Common Stock	Common Units	Total
Outstanding at January 1, 2016	89,583,950	10,516,844	100,100,794
Common units redeemed for common stock	18,898	(18,898)	
Shares issued under Dividend Reinvestment and Stock Purchase Plan	1,270		1,270
Restricted shares issued	46,906		46,906
Cancellation of restricted shares	(3,687)		(3,687)
Outstanding at September 30, 2016	89,647,337	10,497,946	100,145,283

Share/Unit Repurchase Program:

The General Partner has a share repurchase program which was renewed and authorized by its Board of Directors in September 2012 to purchase up to $150 million of the General Partner s outstanding common stock (Repurchase Program), which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions. As of September 30, 2016, the General Partner has a remaining authorization under the Repurchase Program of $139 million. There were no common stock repurchases in 2015 and through October 21, 2016.

Dividend Reinvestment and Stock Purchase Plan:

The Company has a Dividend Reinvestment and Stock Purchase Plan (the DRIP) which commenced in March 1999 under which approximately 5.5 million shares of the Company s common stock have been reserved for future issuance. The DRIP provides for automatic reinvestment of all or a portion of a participant s dividends from the Company s shares of common stock. The DRIP also permits participants to make optional cash investments up to $5,000 a month without restriction and, if the Company waives this limit, for additional amounts subject to certain restrictions and other conditions set forth in the DRIP prospectus filed as part of the Company s effective registration statement on Form S-3 filed with the Securities and Exchange Commission (SEC) for the approximately 5.5 million shares of the Company s common stock reserved for issuance under the DRIP.

Shelf Registration Statements:

The General Partner has an effective shelf registration statement on Form S-3 filed with the SEC for an aggregate amount of $2.0 billion in common stock, preferred stock, depositary shares, and/or warrants of the General Partner, under which no securities have been sold as of October 21, 2016.

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The General Partner and the Operating Partnership also have an effective shelf registration statement on Form S-3 filed with the SEC for an aggregate amount of $2.5 billion in common stock, preferred stock, depositary shares and guarantees of the General Partner and debt securities of the Operating Partnership, under which no securities have been sold as of October 21, 2016.

Off-Balance Sheet Arrangements

Unconsolidated Joint Venture Debt:

The debt of the Company s unconsolidated joint ventures generally provide for recourse to the Company for customary matters such as intentional misuse of funds, environmental conditions and material misrepresentations. The Company has agreed to guarantee repayment of a portion of the debt of its unconsolidated joint ventures. Such debt has a total facility amount of $272.2 million of which the Company has agreed to guarantee up to $22 million. As of September 30, 2016, the outstanding balance of such debt totaled $221.8 million of which $22 million was guaranteed by the Company.

The Company s off-balance sheet arrangements are further discussed in Note 4: Investments in Unconsolidated Joint Ventures to the Financial Statements.

Contractual Obligations

The following table outlines the timing of payment requirements related to the Company s debt (principal and interest), PILOT agreements, ground lease agreements and other obligations, as of September 30, 2016:

		Payments Due by Period				
(dollars in thousands)	Total	Less than 1 Year	2 3 Years	4 5 Years	6 10 Years	After 10 Years
Senior unsecured notes	$ 1,169,274	$ 47,788	$ 471,336	$ 44,325	$ 605,825	
Unsecured term loan	375,562	10,955	364,607			
Revolving credit facility (a)	96,465	96,465				
Mortgages, loans payable and other obligations (b)	1,154,939	317,558	390,291	19,578	144,517	$ 282,995
Payments in lieu of taxes (PILOT)	32,564	5,724	11,612	11,627	3,601	
Ground lease payments	180,611	1,838	3,994	4,025	8,098	162,656
Other	1,655		1,655			
Total	$ 3,011,070	$ 480,328	$ 1,243,495	$ 79,555	$ 762,041	$ 445,651

(a) Interest payments assume LIBOR rate of 0.55 percent, which is the weighted average rate on this outstanding variable rate debt at September 30, 2016, plus the applicable spread.

(b) Interest payments assume LIBOR rate of 0.54 percent, which is the weighted average rate on its outstanding variable rate mortgage debt at September 30, 2016, plus the applicable spread.

Funds from Operations

Funds from operations (FFO) is defined as net income (loss) before noncontrolling interests of unitholders, computed in accordance with GAAP, excluding gains or losses from depreciable rental property transactions, and impairments related to depreciable rental property, plus real estate-related depreciation and amortization. The Company believes that FFO is helpful to investors as one of several measures of the performance of an equity REIT. The Company further believes that as FFO excludes the effect of depreciation, gains (or losses) from sales of properties and impairments related to depreciable rental property (all of which are based on historical costs which may be of limited relevance in evaluating current performance), FFO can facilitate comparison of operating performance between equity REITs.

FFO should not be considered as an alternative to net income available to common shareholders as an indication of the Company s performance or to cash flows as a measure of liquidity. FFO presented herein is not necessarily comparable to FFO presented by other real estate companies due to the fact that not all real estate companies use the same definition. However, the Company s FFO is comparable to the FFO of real estate companies that use the current definition of the National Association of Real Estate Investment Trusts (NAREIT).

As the Company considers its primary earnings measure, net income available to common shareholders, as defined by GAAP, to be the most comparable earnings measure to FFO, the following table presents a reconciliation of net income available to common

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shareholders to FFO, as calculated in accordance with NAREIT s current definition, for the three and nine months ended September 30, 2016 and 2015 (*in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income (loss) available to common shareholders	$ (8,541)	$ (126,892)	$ 102,043	$ (94,034)
Add (deduct): Noncontrolling interests in Operating Partnership	(999)	(15,530)	11,947	(11,461)
Real estate-related depreciation and amortization on continuing operations (a)	52,371	48,503	147,872	142,168
Impairments		164,176		164,176
Gain on change of control of interests			(15,347)	
Realized (gains) losses and unrealized losses on disposition of rental property, net	17,053	(18,718)	(68,664)	(53,261)
Gain on sale of investment in unconsolidated joint venture			(5,670)	(6,448)
Funds from operations	$ 59,884	$ 51,539	$ 172,181	$ 141,140

(a) Includes the Company s share from unconsolidated joint ventures of $4,559 and $4,845 for the three months ended September 30, 2016 and 2015, respectively, and $13,948 and $15,828 for the nine months ended September 30, 2016 and 2015, respectively. Excludes non-real estate-related depreciation and amortization of $305 and $236 for the three months ended September 30, 2016 and 2015, respectively, and $717 and $722 for the nine months ended September 30, 2016 and 2015, respectively, and $80 and $151 of depreciation expense allocable to the Company s noncontrolling interest in consolidated joint ventures for the three months ended September 30, 2016, and 2015, respectively, and $335 and $453 for the nine months ended September 30, 2016 and 2015, respectively.

Inflation

The Company s leases with the majority of its commercial 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. The Company believes that inflation did not materially impact the Company s results of operations and financial condition for the periods presented.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We consider portions of this information, including the documents incorporated by reference, to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of such act. Such forward-looking statements relate to, without limitation, our 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, plan, potential, projected, should, expect, anticip estimate, continue or comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations reflected in such

forward-looking statements are based upon reasonable assumptions at the time made, we can give no assurance that such expectations will be achieved. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Among the factors about which we have made assumptions are:

- risks and uncertainties affecting the general economic climate and conditions, which in turn may have a negative effect on the fundamentals of our business and the financial condition of our tenants and residents;
- the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;
- the extent of any tenant bankruptcies or of any early lease terminations;
- our ability to lease or re-lease space at current or anticipated rents;
- changes in the supply of and demand for our properties;
- changes in interest rate levels and volatility in the securities markets;
- our ability to complete construction and development activities on time and within budget, including without limitation obtaining regulatory permits and the availability and cost of materials, labor and equipment;
- forward-looking financial and operational information, including information relating to future development projects, potential acquisitions or dispositions, and projected revenue and income;

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- changes in operating costs;
- our ability to obtain adequate insurance, including coverage for terrorist acts;
- our credit worthiness and the availability of financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities and refinance existing debt and our future interest expense;
- changes in governmental regulation, tax rates and similar matters; and
- other risks associated with the development and acquisition of properties, including risks that the development may not be completed on schedule, that the tenants or residents will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated.

For further information on factors which could impact us and the statements contained herein, see Item 1A: Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015 We assume no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

Item 3. **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, its ability to make distributions or payments to its investors.

Approximately $2.2 billion of the Company s long-term debt as of September 30, 2016 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 rates on the Company s variable rate debt as of September 30, 2016 ranged from LIBOR plus 130 basis points to LIBOR plus 950 basis points. Assuming interest-rate swaps and caps are not in effect, if market rates of interest on the Company s variable rate debt increased or decreased by 100 basis points, then the increase or decrease in interest costs on the Company s variable rate debt would be approximately $2.6 million annually and the increase or decrease in the fair value of the Company s fixed rate debt as of September 30, 2016 would be approximately $37 million.

September 30, 2016 **Debt, including current portion** **($s in thousands)**	**10/1/2016 12/31/2016**	**2017**	**2018**	**2019**	**2020**	**Thereafter**	**Sub-total**	**Other (a)**	**Other (b)**	**Total**	**Fair Value**
Fixed Rate	$ 42,211	$ 397,493	$ 237,447	$ 543,506	$ 1,977	$ 989,808	$ 2,212,442	$ (5,013)	$ (10,196)	$ 2,197,233	$ 2,225,821
Average Interest Rate	11.04%	4.12%	6.70%	4.79%	4.05%	3.83%				4.56%	

Variable Rate	$ 75,000	$ 121,093(c)	$ 33,310	$ 32,303	$ 261,706	$ (3,630)	$ 258,076	$ 258,076

(a) Adjustment for unamortized debt discount/premium, net, as of September 30, 2016.

(b) Adjustment for unamortized deferred financings costs, net, as of September 30, 2016.

(c) Includes $95 million of outstanding borrowings under the Company s unsecured revolving credit facility which matures in 2017 with two six-month extension options with the payment of a fee.

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 could adversely affect its operating results and liquidity.

Item 4. Controls and Procedures

Mack-Cali Realty Corporation

Disclosure Controls and Procedures. The General Partner s management, with the participation of the General Partner s chief executive officer, president and chief operating officer and chief financial officer, has evaluated the effectiveness of the General Partner s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, the General Partner s chief executive officer, president and chief operating officer and chief financial officer have concluded that, as of the end of such period, the General Partner s disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the General Partner in the reports that it files or submits under the Exchange Act.

Changes In Internal Control Over Financial Reporting. There have not been any changes in the General Partner s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to

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which this report relates that have materially affected, or are reasonably likely to materially affect, the General Partner s internal control over financial reporting.

Mack-Cali Realty, L.P.

Disclosure Controls and Procedures. The General Partner s management, with the participation of the General Partner s chief executive officer, president and chief operating officer and chief financial officer, has evaluated the effectiveness of the Operating Partnership s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the General Partner s chief executive officer, president and chief operating officer and chief financial officer have concluded that, as of the end of such period, the Operating Partnership s disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Operating Partnership in the reports that it files or submits under the Exchange Act.

Changes In Internal Control Over Financial Reporting. There have not been any changes in the Operating Partnership s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Operating Partnership s internal control over financial reporting.

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MACK-CALI REALTY CORPORATION
MACK-CALI REALTY, L.P.

Part II Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes in our assessment of risk factors from those set forth in the Annual Reports on Form 10-K for the year ended December 31, 2015 of the General Partner and the Operating Partnership

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) Not Applicable.

(c) Not Applicable.

Item 3. Defaults Upon Senior Securities

(a) Not Applicable.

(b) Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

(a) Not Applicable.

(b) Not Applicable.

Item 6. Exhibits

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

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MACK-CALI REALTY CORPORATION

MACK-CALI REALTY, L.P.

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: October 25, 2016	By:	/s/ Mitchell E. Rudin Mitchell E. Rudin Chief Executive Officer (principal executive officer)
Date: October 25, 2016	By:	/s/ Michael J. DeMarco Michael J. DeMarco President and Chief Operating Officer
Date: October 25, 2016	By:	/s/ Anthony Krug Anthony Krug Chief Financial Officer (principal financial officer and principal accounting officer)

Mack-Cali Realty, L.P.
(Registrant)
By: Mack-Cali Realty Corporation
its General Partner

Date: October 25, 2016	By:	/s/ Mitchell E. Rudin Mitchell E. Rudin Chief Executive Officer (principal executive officer)
Date: October 25, 2016	By:	/s/ Michael J. DeMarco Michael J. DeMarco President and Chief Operating Officer
Date: October 25, 2016	By:	/s/ Anthony Krug Anthony Krug Chief Financial Officer

(principal financial officer and
principal accounting officer)

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MACK-CALI REALTY CORPORATION

MACK-CALI REALTY, L.P.

EXHIBIT INDEX

Exhibit Number	Exhibit Title
3.1	Articles of Restatement of Mack-Cali Realty Corporation dated September 18, 2009 (filed as Exhibit 3.2 to the Company s Form 8-K dated September 17, 2009 and incorporated herein by reference).
3.2	Articles of Amendment to the Articles of Restatement of Mack-Cali Realty Corporation as filed with the State Department of Assessments and Taxation of Maryland on May 14, 2014 (filed as Exhibit 3.1 to the Company s Form 8-K dated May 12, 2014 and incorporated herein by reference).
3.3	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).
3.4	Amendment No. 1 to the Amended and Restated Bylaws of Mack-Cali Realty Corporation dated March 4, 2003, (filed as Exhibit 3.3 to the Company s Form 10-Q dated March 31, 2003 and incorporated herein by reference).
3.5	Amendment No. 2 to the Mack-Cali Realty Corporation Amended and Restated Bylaws dated May 24, 2006 (filed as Exhibit 3.1 to the Company s Form 8-K dated May 24, 2006 and incorporated herein by reference).
3.6	Amendment No. 3 to the Mack-Cali Realty Corporation Amended and Restated Bylaws dated May 14, 2014 (filed as Exhibit 3.2 to the Company s Form 8-K dated 12, 2014 and incorporated herein by reference).
3.7	Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated December 11, 1997 (filed as Exhibit 10.110 to the Company s Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.8	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated August 21, 1998 (filed as Exhibit 3.1 to the Company s and the Operating Partnership s Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.9	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated July 6, 1999 (filed as Exhibit 10.1 to the Company s Form 8-K dated July 6, 1999 and incorporated herein by reference).
3.10	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated September 30, 2003 (filed as Exhibit 3.7 to the Company s Form 10-Q dated September 30, 2003 and incorporated herein by reference).
3.11	Fourth Amendment dated as of March 8, 2016 to Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated as of December 11, 1997 (Filed as Exhibit 3.1 to the Company s Current Report on Form 8-K dated March 8, 2016 and incorporated herein by reference).
4.1	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 Operating Partnership s Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.2	

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 Operating Partnership s Form 8-K dated March 16, 1999 and incorporated herein by reference).

4.3 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 Operating Partnership s Form 10-Q dated June 30, 1999 and incorporated herein by reference).

4.4 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 Operating Partnership s Form 8-K dated December 21, 2000 and incorporated herein by reference).

4.5 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 Operating Partnership s Form 8-K dated January 29, 2001 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
4.6	Supplemental Indenture No. 5 dated as of December 20, 2002, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership s Form 8-K dated December 20, 2002 and incorporated herein by reference).
4.7	Supplemental Indenture No. 6 dated as of March 14, 2003, by and between 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 14, 2003 and incorporated herein by reference).
4.8	Supplemental Indenture No. 7 dated as of June 12, 2003, by and between 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 June 12, 2003 and incorporated herein by reference).
4.9	Supplemental Indenture No. 8 dated as of February 9, 2004, by and between 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 February 9, 2004 and incorporated herein by reference).
4.10	Supplemental Indenture No. 9 dated as of March 22, 2004, by and between 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 22, 2004 and incorporated herein by reference).
4.11	Supplemental Indenture No. 10 dated as of January 25, 2005, by and between 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 25, 2005 and incorporated herein by reference).
4.12	Supplemental Indenture No. 11 dated as of April 15, 2005, by and between 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 April 15, 2005 and incorporated herein by reference).
4.13	Supplemental Indenture No. 12 dated as of November 30, 2005, by and between 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 November 30, 2005 and incorporated herein by reference).
4.14	Supplemental Indenture No. 13 dated as of January 24, 2006, by and between 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 18, 2006 and incorporated herein by reference).
4.15	Supplemental Indenture No. 14 dated as of August 14, 2009, by and between 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 August 14, 2009 and incorporated herein by reference).
4.16	Supplemental Indenture No. 15 dated as of April 19, 2012, by and between 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 April 19, 2012 and incorporated herein by reference).
4.17	Supplemental Indenture No. 16 dated as of November 20, 2012, by and between 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 November 20, 2012 and incorporated herein by reference).
4.18	Supplemental Indenture No. 17 dates as of May 8, 2013, by and between 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 May 8, 2013 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	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.4 to the Company s Form 8-K dated December 9, 2008 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
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	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company s Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.5	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).
10.6	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.8 to the Company s Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.7	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).
10.8	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).
10.9	Employee Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company s Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.10	Director Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company s Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.11	2000 Employee Stock Option Plan (filed as Exhibit 10.1 to the Company s Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference), as amended by the First Amendment to the 2000 Employee Stock Option Plan (filed as Exhibit 10.17 to the Company s Form 10-Q dated June 30, 2002 and incorporated herein by reference).
10.12	Amended and Restated 2000 Director Stock Option Plan (filed as Exhibit 10.2 to the Company s Post-Effective Amendment No. 1 to Registration Statement on Form S-8, Registration No. 333-100244, and incorporated herein by reference).
10.13	Mack-Cali Realty Corporation 2004 Incentive Stock Plan (filed as Exhibit 10.1 to the Company s Registration Statement on Form S-8, Registration No. 333-116437, and incorporated herein by reference).
10.14	Amended and Restated Mack-Cali Realty Corporation Deferred Compensation Plan for Directors (filed as Exhibit 10.3 to the Company s Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.15	Mack-Cali Realty Corporation 2013 Incentive Stock Plan (filed as Exhibit 10.1 to the Company s Registration Statement on Form S-8 Registration No. 333-188729, and incorporated herein by reference).
10.16	Indemnification Agreement by and between Mack-Cali Realty Corporation and William L. Mack dated October 22, 2002 (filed as Exhibit 10.101 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.17	Indemnification Agreement by and between Mack-Cali Realty Corporation and Mitchell E. Hersh dated October 22, 2002 (filed as Exhibit 10.102 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.18	Indemnification Agreement by and between Mack-Cali Realty Corporation and Alan S. Bernikow dated May 20, 2004 (filed as Exhibit 10.104 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.19	Indemnification Agreement by and between Mack-Cali Realty Corporation and Kenneth M. Duberstein dated September 13, 2005 (filed as Exhibit 10.106 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.20	Indemnification Agreement by and between Mack-Cali Realty Corporation and Nathan Gantcher dated October 22, 2002 (filed as Exhibit 10.107 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.21	Indemnification Agreement by and between Mack-Cali Realty Corporation and David S. Mack dated December 11, 1997 (filed as Exhibit 10.108 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.22	Indemnification Agreement by and between Mack-Cali Realty Corporation and Alan G. Philibosian dated October 22, 2002 (filed as Exhibit 10.109 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.23	Indemnification Agreement by and between Mack-Cali Realty Corporation and Irvin D. Reid dated October 22, 2002 (filed as Exhibit 10.110 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.24	Indemnification Agreement by and between Mack-Cali Realty Corporation and Vincent Tese dated October 22, 2002 (filed as Exhibit 10.111 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.25	Indemnification Agreement by and between Mack-Cali Realty Corporation and Roy J. Zuckerberg dated October 22, 2002 (filed as Exhibit 10.113 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.26	Indemnification Agreement by and between Mack-Cali Realty Corporation and Barry Lefkowitz dated October 22, 2002 (filed as Exhibit 10.114 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.27	Indemnification Agreement by and between Mack-Cali Realty Corporation and Roger W. Thomas dated October 22, 2002 (filed as Exhibit 10.116 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.28	Indemnification Agreement by and between Mack-Cali Realty Corporation and Anthony Krug dated October 22, 2002 (filed as Exhibit 10.32 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference).
10.29	Indemnification Agreement by and between Mack-Cali Realty Corporation and Jonathan Litt dated March 3, 2014 (filed as Exhibit 10.33 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference).
10.30	Indemnification Agreement by and between Mack-Cali Realty Corporation and Gary T. Wagner dated November 11, 2011 (filed as Exhibit 10.30 to the Company s Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
10.31	Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and John Crandall (filed as Exhibit 10.29 to the Company s Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.32	Second Amendment to Contribution and Exchange Agreement, dated as of June 27, 2000, between RMC Development Company, LLC f/k/a Robert Martin Company, LLC, Robert Martin Eastview North Company, L.P., the Company and the Operating Partnership (filed as Exhibit 10.44 to the Company s Form 10-K dated December 31, 2002 and incorporated herein by reference).
10.33	Contribution and Exchange Agreement by and between Mack-Cali Realty, L.P. and Tenth Springhill Lake Associates L.L.L.P., Eleventh Springhill Lake Associates L.L.L.P., Twelfth Springhill Lake Associates L.L.L.P., Fourteenth Springhill Lake Associates L.L.L.P., each a Maryland limited liability limited partnership, Greenbelt Associates, a Maryland general partnership, and Sixteenth Springhill Lake Associates L.L.L.P., a Maryland limited liability limited partnership, and certain other natural persons, dated as of November 21, 2005 (filed as Exhibit 10.69 to the Company s Form 10-K dated December 31, 2005 and incorporated herein by reference).
10.34	Term Loan Agreement among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, N.A. as Administrative Agent, J.P. Morgan Securities Inc. as Arranger, and other lender which may become parties to this Agreement dated November 29, 2006 (filed as Exhibit 10.120 to the Company s Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.35	Agreement of Purchase and Sale among SLG Broad Street A LLC and SLG Broad Street C LLC, as Sellers, and M-C Broad 125 A L.L.C. and M-C Broad 125 C L.L.C., as Purchasers, dated as of March 15, 2007 (filed as Exhibit 10.121 to the

Company s Form 10-Q dated March 31, 2007 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.36	Mortgage and Security Agreement and Financing Statement dated October 28, 2008 between M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Mortgagors and The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as Mortgagees (filed as Exhibit 10.131 to the Company s Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.37	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of The Northwestern Mutual Life Insurance Company, as Lender, in the principal amount of $120,000,000, dated October 28, 2008. (filed as Exhibit 10.132 to the Company s Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.38	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of New York Life Insurance Company, as Lender, in the principal amount of $120,000,000, dated October 28, 2008 (filed as Exhibit 10.133 to the Company s Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.39	Guarantee of Recourse Obligations of Mack-Cali Realty, L.P. in favor of The Northwestern Mutual Life Insurance Company and New York Life Insurance Company dated October 28, 2008 (filed as Exhibit 10.134 to the Company s Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.40	Amended and Restated Loan Agreement by and among One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, collectively, as Borrowers and Gramercy Warehouse Funding I LLC, as Lender, dated April 29, 2009 (filed as Exhibit 10.144 to the Company s Form 10-Q dated March 31, 2009 and incorporated herein by reference).
10.41	Amended and Restated Promissory Note of One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, as Borrowers, in favor of Gramercy Warehouse Funding I, LLC, as Lender, dated April 29, 2009 (filed as Exhibit 10.145 to the Company s Form 10-Q dated March 31, 2009 and incorporated herein by reference).
10.42	Limited Liability Company Membership Interest Purchase and Sale Agreement dated April 29, 2009 by and among Gale SLG NJ LLC, Mack-Cali Ventures L.L.C., SLG Gale 55 Corporation LLC and 55 Corporate Partners L.L.C. (filed as Exhibit 10.146 to the Company s Form 10-Q dated March 31, 2009 and incorporated herein by reference).
10.43	Amended and Restated Master Loan Agreement dated as of January 15, 2010 among Mack-Cali Realty, L.P., and Affiliates of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P., as Borrowers, Mack-Cali Realty Corporation and Mack-Cali Realty L.P., as Guarantors and The Prudential Insurance Company of America and VPCM, LLC, as Lenders (filed as Exhibit 10.1 to the Company s Form 8-K dated January 15, 2010 and incorporated herein by reference).
10.44	Partial Recourse Guaranty of Mack-Cali Realty, L.P. dated as of January 15, 2010 to The Prudential Insurance Company of America and VPCM, LLC (filed as Exhibit 10.2 to the Company s Form 8-K dated January 15, 2010 and incorporated herein by reference).
10.45	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.165 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.46	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.166 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.47	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as

Mortgagees with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.167 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.48	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre IV in Bergen County, New Jersey filed as Exhibit 10.168 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.49	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali F Properties, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.169 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.50	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Chestnut Ridge, L.L.C., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.170 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.51	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.171 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.52	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.172 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.53	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.173 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.54	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.174 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.55	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.175 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.56	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.176 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.57	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.177 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.58	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.178 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.59	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.179 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.60	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali F Properties, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as

Exhibit 10.180 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.61 Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali F Properties, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.181 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.62	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Chestnut Ridge, L.L.C. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.182 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.63	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Chestnut Ridge, L.L.C. in favor of VPCM, LLC with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.183 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.64	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.184 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.65	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.185 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.66	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.186 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.67	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.187 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.68	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.188 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.69	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.189 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.70	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali F Properties, L.P. with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.190 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.71	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Chestnut Ridge, L.L.C. with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.191 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.72	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.192 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.73	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.193 to the Company s Form 10-Q dated September 30, 2010 and

incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.74	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.194 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.75	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.195 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.76	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.196 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.77	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali F Properties, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.197 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.78	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Chestnut Ridge, L.L.C. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.198 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.79	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.199 to the Company s Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.80	Development Agreement dated December 5, 2011 by and between M-C Plaza VI & VII L.L.C. and Ironstate Development LLC (filed as Exhibit 10.1 to the Company s Form 8-K dated December 5, 2011 and incorporated herein by reference).
10.81	Form of Amended and Restated Limited Liability Company Agreement (filed as Exhibit 10.2 to the Company s Form 8-K dated December 5, 2011 and incorporated herein by reference).
10.82	Third Amended and Restated Revolving Credit Agreement among Mack-Cali Realty, L.P., as borrower, and JPMorgan Chase Bank, N.A., as the administrative agent, the other agents listed therein and the lending institutions party thereto and referred to therein dated as of October 21, 2011 (filed as Exhibit 10.134 to the Company s Form 10-Q dated September 30, 2011 and incorporated herein by reference).
10.83	Fourth Amended and Restated Revolving Credit Agreement dated as of July 16, 2013 among Mack Cali Realty, L.P., as borrower, Mack-Cali Realty Corporation, as guarantor, and JPMorgan Chase Bank, N.A., as administrative agent and the several Lenders party thereto, as lenders (filed as Exhibit 10.1 to the Company s Form 8-K dated July 16, 2013 and incorporated herein by reference).
10.84	Multi-Year Restricted Stock Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company s Form 8-K dated September 12, 2012 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.85	Multi-Year Restricted Stock Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.2 to the Company s Form 8-K dated September 12, 2012 and incorporated herein by reference).
10.86	Multi-Year Restricted Stock Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.3 to the Company s Form 8-K dated September 12, 2012 and incorporated herein by reference).
10.87	Amended and Restated TSR-Based Performance Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company s Form 8-K dated June 12, 2013 and incorporated herein by reference).
10.88	Amended and Restated TSR-Based Performance Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.2 to the Company s Form 8-K dated June 12, 2013 and incorporated herein by reference).
10.89	Amended and Restated TSR-Based Performance Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.3 to the Company s Form 8-K dated June 12, 2013 and incorporated herein by reference).
10.90	Deferred Retirement Compensation Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.7 to the Company s Form 8-K dated September 12, 2012 and incorporated herein by reference).
10.91	Deferred Retirement Compensation Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.8 to the Company s Form 8-K dated September 12, 2012 and incorporated herein by reference).
10.92	Deferred Retirement Compensation Agreement, dated as of September 12, 2012, between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.9 to the Company s Form 8-K dated September 12, 2012 and incorporated herein by reference).
10.93	Form of Restricted share Award Agreement effective December 10, 2013 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Roger W. Thomas and Anthony Krug (filed as Exhibit 10.1 to the Company s Form 8-K dated December 10, 2013 and incorporated herein by reference).
10.94	Form of Restricted Share Award Agreement effective December 10, 2013 by and between Mack-Cali Realty Corporation and each of William L. Mack, Alan S. Bernikow, Kenneth M. Duberstein, Nathan Gantcher, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese and Roy J. Zuckerberg (filed as Exhibit 10.2 to the Company s Form 8-K dated December 10, 2013 and incorporated herein by reference).
10.95	Form of Restricted Share Award Agreement effective December 9, 2014 by and between Mack-Cali Realty Corporation and each of William L. Mack, Alan S. Bernikow, Kenneth M. Duberstein, Nathan Gantcher, Jonathan Litt, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese and Roy J. Zuckerberg (filed as Exhibit 10.1 to the Company s Form 8-K dated December 9, 2014 and incorporated herein by reference).
10.96	Membership Interest and Asset Purchase Agreement, dated as of October 8, 2012 (the Purchase Agreement), by and among Mack-Cali Realty, L.P., Mack-Cali Realty Corporation, Mack-Cali Realty Acquisition Corp., Roseland Partners, L.L.C., and, for the limited purposes stated in the Purchase Agreement, each of Marshall B. Tycher, Bradford R. Klatt and Carl Goldberg (filed as Exhibit 10.1 to the Company s Form 8-K dated October 8, 2012 and incorporated herein by reference).
10.97	Purchase and Sale Agreement, dated as of January 17, 2013 by and between Overlook Ridge Phase I, L.L.C., Overlook Ridge Phase IB, L.L.C. and Mack-Cali Realty Acquisition Corp. (filed as Exhibit 10.1 to the Company s Form 8-K dated January 17, 2012 and incorporated herein by reference)

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Exhibit Number	Exhibit Title
10.98	Agreement of Sale and Purchase dated as of July 15, 2013 by and between Mack-Cali Pennsylvania Realty Associates, L.P., as seller, and Westlakes KPG III, LLC and Westlakes Land KPG III, LLC, as purchasers (filed as Exhibit 10.1 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.99	Agreement of Sale and Purchase dated as of July 15, 2013 by and between M-C Rosetree Associates, L.P., as seller, and Rosetree KPG III, LLC and Rosetree Land KPG III, LLC, as purchasers (filed as Exhibit 10.2 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.100	Agreement of Sale and Purchase dated as of July 15, 2013 by and between Mack-Cali-R Company No. 1 L.P., as seller, and Plymouth Meeting KPG III, LLC, as purchaser (filed as Exhibit 10.3 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.101	Agreement of Sale and Purchase dated as of July 15, 2013 by and between Stevens Airport Realty Associates L.P., as seller, and Airport Land KPG III, LLC, as purchaser (filed as Exhibit 10.4 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.102	Agreement of Sale and Purchase dated as of July 15, 2013 by and between Mack-Cali Airport Realty Associates L.P., as seller, and 100 Airport KPG III, LLC, 200 Airport KPG III, LLC and 300 Airport KPG III, LLC, as purchasers (filed as Exhibit 10.5 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.103	Agreement of Sale and Purchase dated as of July 15, 2013 by and between Mack-Cali Property Trust, as seller, and 1000 Madison KPG III, LLC, as purchaser (filed as Exhibit 10.6 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.104	Agreement of Sale and Purchase dated as of July 15, 2013 by and between Monument 150 Realty L.L.C., as seller, and Monument KPG III, LLC, as purchaser (filed as Exhibit 10.7 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.105	Agreement of Sale and Purchase dated as of July 15, 2013 by and between 4 Sentry Realty L.L.C. and Five Sentry Realty Associates L.P., as sellers, and Four Sentry KPG, LLC and Five Sentry KPG III, LLC, as purchasers (filed as Exhibit 10.8 to the Company s Form 8-K dated July 18, 2013 and incorporated herein by reference).
10.106	Agreement of Sale and Purchase dated as of February 24, 2014 by and between Talleyrand Realty Associates, L.L.C., as seller, and H Y2 Talleyrand, LLC, as purchaser (filed as Exhibit 10.1 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.107	Agreement of Sale and Purchase dated as of February 24, 2014 by and between 400 Chestnut Realty L.L.C., as seller, and H Y2 400 Chestnut Ridge, LLC, as purchaser (filed as Exhibit 10.2 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.108	Agreement of Sale and Purchase dated as of February 24, 2014 by and between 470 Chestnut Realty L.L.C., as seller, and H Y2 470 Chestnut Ridge, LLC, as purchaser (filed as Exhibit 10.3 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.109	Agreement of Sale and Purchase dated as of February 24, 2014 by and between 530 Chestnut Realty L.L.C., as seller, and H Y2 530 Chestnut Ridge, LLC, as purchaser (filed as Exhibit 10.4 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.110	Agreement of Sale and Purchase dated as of February 24, 2014 by and between Mack-Cali Taxter Associates, L.L.C., as seller, and H Y2 Taxter, LLC, as purchaser (filed as Exhibit 10.5 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.111	Agreement of Sale and Purchase dated as of February 24, 2014 by and between Mack-Cali CW Realty Associates, L.L.C., as seller, and H Y2 570 Taxter, LLC, as purchaser (filed as Exhibit 10.6 to the Company s Form 8-K dated February 24, 2014 and

incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.112	Agreement of Sale and Purchase dated as of February 24, 2014 by and between 1717 Realty Associates L.L.C., as seller, and H Y2 Ruote 208, LLC, as purchaser (filed as Exhibit 10.7 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.113	Agreement of Sale and Purchase dated as of February 24, 2014 by and between Knightsbridge Realty L.L.C., as seller, and H Y2 400 Knightsbridge, LLC, as purchaser (filed as Exhibit 10.8 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.114	Agreement of Sale and Purchase dated as of February 24, 2014 by and between Kemble Plaza II Realty L.L.C., as seller, and H Y2 400 Mt Kemble, LLC, as purchaser (filed as Exhibit 10.9 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.115	Agreement of Sale and Purchase dated as of February 24, 2014 by and between 1266 Soundview Realty L.L.C., as seller, and H Y2 Stamford, LLC, as purchaser (filed as Exhibit 10.10 to the Company s Form 8-K dated February 24, 2014 and incorporated herein by reference).
10.116	Agreement dated February 28, 2014 by and among Mack-Cali Realty Corporation, Land & Buildings Capital Growth Fund, L.P., Land & Buildings Investment Management,LLC and Jonathan Litt (filed as Exhibit 10.116 to the Company s Annual Report on Form 10-K for the year ended December 31, 2013 and incorporated herein by reference).
10.117	Settlement and General Release Agreement dated March 1, 2014 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.117 to the Company s Annual Report on Form 10-K for the year ended December 31, 2013 and incorporated herein by reference).
10.118	Settlement and General Release Agreement dated March 1, 2014 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.118 to the Company s Annual Report on Form 10-K for the year ended December 31, 2013 and incorporated herein by reference).
10.119	Restricted share Award Agreement effective March 19, 2014 by and between Mack-Cali Realty Corporation and Anthony Krug (filed as Exhibit 10.1 to the Company s Form 8-K dated March 21, 2014 and incorporated herein by reference).
10.120	Separation Agreement dated July 18, 2014 by and between Roseland Management Services, L.P. and Bradford R. Klatt (filed as Exhibit 10.122 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference).
10.121	Separation Agreement dated July 18, 2014 by and between Roseland Management Services, L.P. and Carl Goldberg (filed as Exhibit 10.123 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference).
10.122	Amendment to Membership Interest and Asset Purchase Agreement, dated as of July 18, 2014, by and among Mack-Cali Realty, L.P., Mack-Cali Realty Corporation, Mack-Cali Realty Acquisition Corp., Canoe Brook Investors, L.L.C. (formerly known as Roseland Partners, L.L.C.), Marshall B. Tycher, Bradford R. Klatt and Carl Goldberg (filed as Exhibit 10.124 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference).
10.123	Consulting Agreement dated July 18, 2014 by and between Roseland Management Services, L.P. and Carl Goldberg and Devra Goldberg (filed as Exhibit 10.125 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference).
10.124	Separation Agreement dated November 4, 2014 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated November 4, 2014 and incorporated herein by reference).
10.125	Severance Agreement dated March 4, 2015 by and between Anthony Krug and Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated March 4, 2015 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.126	Severance Agreement dated March 4, 2015 by and between Gary T. Wagner and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company s Current Report on Form 8-K dated March 4, 2015 and incorporated herein by reference).
10.127	Employment Agreement dated June 3, 2015 by and between Mitchell E. Rudin and Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated June 3, 2015 and incorporated herein by reference).
10.128	Employment Agreement dated June 3, 2015 by and between Michael J. DeMarco and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company s Current Report on Form 8-K dated June 3, 2015 and incorporated herein by reference).
10.129	Indemnification Agreement dated June 3, 2015 by and between Mitchell E. Rudin and Mack-Cali Realty Corporation (filed as Exhibit 10.129 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 and incorporated herein by reference).
10.130	Indemnification Agreement dated June 3, 2015 by and between Michael J. DeMarco and Mack-Cali Realty Corporation (filed as Exhibit 10.130 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 and incorporated herein by reference).
10.131	Indemnification Agreement dated September 22, 2015 by and between Marshall B. Tycher and Mack-Cali Realty Corporation (filed as Exhibit 10.131 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and incorporated herein by reference).
10.132	Employment Agreement dated October 23, 2012 by and between Marshall B. Tycher and Mack-Cali Realty Corporation (filed as Exhibit 10.132 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and incorporated herein by reference).
10.133	Indemnification Agreement dated June 10, 2013 by and between Ricardo Cardoso and Mack-Cali Realty Corporation (filed as Exhibit 10.133 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and incorporated herein by reference).
10.134	Term Loan Agreement dated as of January 7, 2016 among Mack Cali Realty, L.P., as borrower, Mack-Cali Realty Corporation, as guarantor, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Wells Fargo Securities LLC as joint lead arrangers and joint bookrunners, Bank of American, N.A., as administrative agent, JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A. and Capital One, National Association, as syndication agents, U.S. Bank National Association, as documentation agent, and the several Lenders party thereto, as lenders (filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated January 6, 2016 and incorporated herein by reference).
10.135	International Swaps and Derivatives Association, Inc. 2002 Master Agreement dated as of December 30, 2015 by and between Capital One, National Association and Mack-Cali Realty, L.P. (filed as Exhibit 10.2 to the Company s Current Report on Form 8-K dated January 6, 2016 and incorporated herein by reference).
10.136	International Swaps and Derivatives Association, Inc. 2002 Master Agreement dated as of January 4, 2016 by and between Citibank, N.A. and Mack-Cali Realty, L.P. (filed as Exhibit 10.3 to the Company s Current Report on Form 8-K dated January 6, 2016 and incorporated herein by reference).
10.137	International Swaps and Derivatives Association, Inc. 2002 Master Agreement dated as of January 6, 2016 by and between Comerica Bank and Mack-Cali Realty, L.P. (filed as Exhibit 10.4 to the Company s Current Report on Form 8-K dated January 6, 2016 and incorporated herein by reference).
10.138	International Swaps and Derivatives Association, Inc. 2002 Master Agreement dated as of January 5, 2016 by and between PNC Bank, National Association and Mack-Cali Realty, L.P. (filed as Exhibit 10.5 to the Company s Current Report on Form 8-K dated January 6, 2016 and incorporated herein by reference).
10.139	International Swaps and Derivatives Association, Inc. 2002 Master Agreement dated as of December 21, 2015 by and between U.S. Bank National Association and Mack-Cali Realty, L.P. (filed as Exhibit 10.6 to the Company s Current Report

on Form 8-K dated January 6, 2016 and incorporated herein by reference).

10.140 Form of 2016 Time-Based Long-Term Incentive Plan Award Agreement (Filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated March 8, 2016 and incorporated herein by reference).

10.141 Form of 2016 Performance-Based Long-Term Incentive Plan Award Agreement (Filed as Exhibit 10.2 to the Company s Current Report on Form 8-K dated March 8, 2016 and incorporated herein by reference).

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Exhibit Number	Exhibit Title
10.142	Form of Restricted Share Award Agreement effective March 8, 2016 by and between Mack-Cali Realty Corporation and each of William L. Mack, Alan S. Bernikow, Kenneth M. Duberstein, Nathan Gantcher, Jonathan Litt, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese and Roy J. Zuckerberg (Filed as Exhibit 10.3 to the Company s Current Report on Form 8-K dated March 8, 2016 and incorporated herein by reference).
10.143	Agreement of Purchase and Sale among M-C Broad A L.L.C. and M-C Broad C L.L.C., collectively, as Seller, and 125 Acquisition LLC, as Purchaser, dated as of March 10, 2016 (filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated March 10, 2016 and incorporated herein by reference).
10.144	Employment Agreement dated April 15, 2016 by and between Robert Andrew Marshall and Roseland Residential Trust (filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated April 15, 2016 and incorporated herein by reference).
10.145	Real Estate Sale Agreement by and between HUB Properties Trust and 111 River Realty L.L.C. dated April 22, 2016 (filed as Exhibit 10.145 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and incorporated herein by reference).
31.1*	Certification of the General Partner s Chief Executive Officer, Mitchell E. Rudin, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the General Partner.
31.2*	Certification of the General Partner s President and Chief Operating Officer, Michael J. DeMarco, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the General Partner.
31.3*	Certification of the General Partner s Chief Financial Officer, Anthony Krug, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the General Partner.
31.4*	Certification of the General Partner s Chief Executive Officer, Mitchell E. Rudin, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the Operating Partnership.
31.5*	Certification of the General Partner s President and Chief Operating Officer, Michael J. DeMarco, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the Operating Partnership.
31.6*	Certification of the General Partner s Chief Financial Officer, Anthony Krug, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the Operating Partnership.
32.1*	Certification of the General Partner s Chief Executive Officer, Mitchell E. Rudin, the General Partner s President and Chief Operating Officer, Michael J. DeMarco and the General Partner s Chief Financial Officer, Anthony Krug, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the General Partner.
32.2*	Certification of the General Partner s Chief Executive Officer, Mitchell E. Rudin, the General Partner s President and Chief Operating Officer, Michael J. DeMarco and the General Partner s Chief Financial Officer, Anthony Krug, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Operating Partnership.
101.1*	The following financial statements of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. from their combined Report on Form 10-Q for the quarter ended September 30, 2016 formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statement of Changes in Equity (unaudited), (iv) Consolidated Statements of Cash Flows (unaudited), and (v) Notes to Consolidated Financial Statements (unaudited).

* filed herewith