MACK CALI REALTY CORP
Form 10-K
February 11, 2010

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

FORM 10-K

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

For the fiscal year ended December 31, 2009

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

Commission File Number: 1-13274

MACK-CALI REALTY CORPORATION
(Exact Name of Registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	22-3305147 (IRS Employer Identification No.)
343 Thornall Street, Edison, New Jersey (Address of principal executive offices)	08837-2206 (Zip code)

(732) 590-1000
(Registrant’s telephone number, including area code)

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

(Title of Each Class)	(Name of Each Exchange on Which Registered)
Common Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ___ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

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). Yes ___ No ___ (the Registrant is not yet required to submit Interactive Data)

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

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.

Large accelerated filer x Accelerated filer ¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ___ No X

As of June 30, 2009, the aggregate market value of the voting stock held by non-affiliates of the registrant was $1,754,174,430. The aggregate market value was computed with reference to the closing price on the New York Stock Exchange on such date. This calculation does not reflect a determination that persons are affiliates for any other purpose.

As of February 8, 2010, 79,190,883 shares of common stock, $0.01 par value, of the Company ("Common Stock") were outstanding.

LOCATION OF EXHIBIT INDEX: The index of exhibits is contained herein on page number 124.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the registrant's definitive proxy statement for fiscal year ended December 31, 2009 to be issued in conjunction with the registrant's annual meeting of shareholders expected to be held on May 25, 2010 are incorporated by reference in Part III of this Form 10-K. The definitive proxy statement will be filed by the registrant with the SEC not later than 120 days from the end of the registrant's fiscal year ended December 31, 2009.

FORM 10-K

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PART I

ITEM 1. BUSINESS

GENERAL

Mack-Cali Realty Corporation, a Maryland corporation (together with its subsidiaries, the “Company”), is a fully-integrated, self-administered and self-managed real estate investment trust (“REIT”) that owns and operates a real estate portfolio comprised predominantly of Class A office and office/flex properties located primarily in the Northeast. The Company performs substantially all commercial real estate leasing, management, acquisition, development and construction services on an in-house basis. Mack-Cali Realty Corporation was incorporated on May 24, 1994. The Company’s executive offices are located at 343 Thornall Street, Edison, New Jersey 08837-2206, and its telephone number is (732) 590-1000. The Company has an internet website at www.mack-cali.com.

As of December 31, 2009, the Company owned or had interests in 289 properties, aggregating approximately 33.2 million square feet, plus developable land (collectively, the “Properties”), which are leased to approximately 2,100 tenants. The Properties are comprised of: (a) 268 wholly-owned or Company-controlled properties consisting of 162 office buildings and 95 office/flex buildings aggregating approximately 30.5 million square feet, six industrial/warehouse buildings totaling approximately 387,400 square feet, two stand-alone retail properties totaling approximately 17,300 square feet, and three land leases (collectively, the “Consolidated Properties”); and (b) 20 buildings, which are primarily office properties, aggregating approximately 2.2 million square feet, and a 350-room hotel, which are owned by unconsolidated joint ventures in which the Company has investment interests. Unless otherwise indicated, all references to square feet represent net rentable area. As of December 31, 2009, the office, office/flex, industrial/warehouse and stand-alone retail properties included in the Consolidated Properties were 90.1 percent leased. 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 expire as of December 31, 2009 aggregate 64,672 square feet, or 0.2 percent of the net rentable square footage. The Properties are located in five states, primarily in the Northeast, and the District of Columbia. See Item 2: Properties.

The Company’s 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. The Company plans to continue this strategy by expanding through acquisitions and/or development in Northeast markets where it has, or can achieve, similar status. The Company believes that its Properties have excellent locations and access and are well-maintained and professionally managed. As a result, the Company believes that its Properties attract high quality tenants and achieve among the highest rental, occupancy and tenant retention rates within their markets. The Company also believes that its extensive market knowledge provides it with a significant competitive advantage, which is further enhanced by its strong reputation for, and emphasis on, delivering highly responsive, professional management services. See “Business Strategies.”

As of December 31, 2009, executive officers and directors of the Company and their affiliates owned approximately eight percent of the Company’s outstanding shares of Common Stock (including Units redeemable into shares of Common Stock). As used herein, the term “Units” refers to limited partnership interests in Mack-Cali Realty, L.P., a Delaware limited partnership (the “Operating Partnership”) through which the Company conducts its real estate activities. The Company’s executive officers have been employed by the Company and/or its predecessor companies for an average of approximately 22 years.

BUSINESS STRATEGIES

Operations

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

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

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

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

The Company seeks to maximize the value of its existing portfolio through implementing operating strategies designed to produce the highest effective rental and occupancy rates and lowest tenant installation cost within the markets that it operates, and further within the parameters of those markets. The Company continues to pursue internal growth through leasing vacant space, re-leasing space at higher effective rents with contractual rent increases and developing or redeveloping space for its diverse base of high credit tenants, including Wyndham Worldwide Operations, National Union Fire Insurance and The United States of America - GSA. In addition, the Company seeks economies of scale through volume discounts to take advantage of its size and dominance in particular sub-markets, and operating efficiencies through the use of in-house management, leasing, marketing, financing, accounting, legal, development and construction services.

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

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

Property Sales: While management's principal intention is to own and operate its properties on a long-term basis, it periodically assesses the attributes of each of its properties, with a particular focus on the supply and demand fundamentals of the sub-markets in which they are located. Based on these ongoing assessments, the Company may, from time to time, decide to sell any of its properties.

Financial

The Company currently intends to maintain a ratio of debt-to-undepreciated assets (total debt of the Company as a percentage of total undepreciated assets) of 50 percent or less, however there can be no assurance that the Company will be successful in maintaining this ratio. As of December 31, 2009 and 2008, the Company's total debt constituted approximately 39.8 and 40.6 percent of total undepreciated assets of the Company, respectively. The Company has three investment grade credit ratings. Standard & Poor's Rating Services ("S&P") and Fitch, Inc. ("Fitch") have each assigned their BBB rating to existing and prospective senior unsecured debt of the Operating Partnership and their BB+ rating to existing and prospective preferred stock offerings of the Company. Moody's Investors Service ("Moody's") has assigned its Baa2 rating to existing and prospective senior unsecured debt of the Operating Partnership and its Baa3 rating to existing and prospective preferred stock offerings of the Company. Although there is no limit in the Company's organizational documents on the amount of indebtedness that the Company may incur or a requirement for the maintenance of investment grade credit ratings, the Company has entered into certain financial agreements which contain covenants that limit the Company's ability to incur indebtedness under certain circumstances. The Company intends to conduct its operations so as to best be able to maintain its investment grade debt rating status. The Company intends to utilize the most appropriate sources of capital for future acquisitions, development, capital improvements and other investments, which may include funds from operating activities, proceeds from property and land sales, short-term and long-term borrowings (including draws on the Company's revolving credit facility), and the issuance of additional debt or equity securities.

EMPLOYEES

As of December 31, 2009, the Company had approximately 422 full-time employees.

COMPETITION

The leasing of real estate is highly competitive. The Properties compete for tenants with lessors and developers of similar properties located in their respective markets primarily on the basis of location, the quality of properties, leasing terms (including rent and other charges and allowances for tenant improvements), services provided, the design and condition of the Properties, and reputation as an owner and operator of quality office properties in the relevant market. The Company also experiences competition when attempting to acquire or dispose of real estate, including competition from domestic and foreign financial institutions, other REITs, life insurance companies, pension trusts, trust funds, partnerships, individual investors and others.

REGULATIONS

Many laws and governmental regulations apply to the ownership and/or operation of the Properties and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently.

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

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

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

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

INDUSTRY SEGMENTS

The Company operates in two industry segments: (i) real estate; and (ii) construction services. As of December 31, 2009, the Company does not have any foreign operations and its business is not seasonal. Please see our financial statements attached hereto and incorporated by reference herein for financial information relating to our industry segments.

RECENT DEVELOPMENTS

On March 1, 2009, the Company placed in service a 249,409 square-foot, class A office building, which is fully leased through August 2024. The building is located in the Mack-Cali Business Campus in Parsippany, New Jersey.

On April 29, 2009, the Company acquired SL Green's interests in the Mack-Green-Gale LLC and subsidiaries ("Mack-Green") and 55 Corporate Partners, LLC ("55 Corporate") joint ventures (the "SL Green Transactions") for $5 million. As a result, the Company owns 100 percent of Mack-Green and 55 Corporate. Concurrent with the SL Green Transactions, the loan agreement with an affiliate of Gramercy Capital Corporation ("Gramercy") on six office properties indirectly owned by Mack-Green was restructured providing Gramercy with the power to control the activities that are most important to the properties' economic performance. At the time of the restructuring, the estimated fair value of the six properties was less than the aggregate carrying amount of the non-recourse mortgage loans.

As a result of the SL Green Transactions and the agreement with Gramercy, as of April 29, 2009, the Company began consolidating 11 office properties, aggregating approximately 1.5 million square feet, owned and controlled by Mack-Green, and a pre-leased 205,000 square foot office development project owned and controlled by 55 Corporate. The Company also has retained a non-controlling interest in entities that own 100 percent of six office properties, aggregating 786,198 square feet, which were previously indirectly owned by Mack-Green. See "Mack-Green-Gale LLC" and "55 Corporate Partners, LLC" under Note 4: Investments in Unconsolidated Joint Ventures – to the Financial Statements for further discussion on the transactions.

The Company's core markets continue to be weak. The percentage leased in the Company's consolidated portfolio of stabilized operating properties was 90.1 percent at December 31, 2009, as compared to 91.3 percent at December 31, 2008 and 92.7 percent at December 31, 2007. 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 as of December 31, 2009, 2008 and 2007 aggregate 64,672, 67,473 and 146,261 square feet, respectively, or 0.2, 0.2 and 0.5 percentage of the net rentable square footage, respectively. Rental rates on the Company's space that was re-leased (based on first rents payable) during the year ended December 31, 2009 decreased an average of 9.3 percent compared to rates that were in effect under the prior leases, as compared to a 1.5 percent increase in 2008 and a 0.2 percent decrease in 2007. The Company believes that vacancy rates may continue to increase in some of its markets through 2010 and possibly beyond. As a result, the Company's future earnings and cash flow may continue to be negatively impacted by current market conditions.

The Company expects that the impact of the current state of the economy, including rising unemployment and the unprecedented volatility in the financial and credit markets, will continue to have a dampening effect on the fundamentals of its business, including increases in past due accounts, defaults, lower occupancy and reduced effective rents. These conditions would negatively affect the Company's future net income and cash flows and could have a material adverse effect on the Company's financial condition.

FINANCING ACTIVITY

On January 27, 2009, the Company obtained $64.5 million in mortgage financing from Guardian Life Insurance Company of America. The two mortgage loans, which are collateralized by one and three office properties located in Clark and Red Bank, New Jersey, respectively, both carry an effective rate of 7.31 percent per annum and carry a 10-year term.

On April 29, 2009, in connection with the SL Green Transactions, the Company consolidated 11 office properties, which are encumbered by mortgage loans with Wachovia CMBS as lender which were recorded at an aggregate amount of approximately $151.1 million at the closing date. The mortgage loans carry an average effective interest rate of 10.66 percent per annum and mature through May 2016.

On May 6, 2009, the Company completed a public offering of 11,500,000 shares of Common Stock and used the net proceeds, which totaled approximately $274.8 million (after offering costs), to repay borrowings under its unsecured revolving credit facility.

On June 30, 2009, the Company obtained $17.0 million in mortgage financing from Valley National Bank. The mortgage loan, which is collateralized by an office property in Woodbridge, New Jersey, is for a 25-year term and bears interest at an effective rate of 6.94 percent per annum through the end of the 10th year. The coupon interest rate will be reset at the end of year 10 and year 20 at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates, with a minimum rate of 6.875 percent.

On August 14, 2009, the Operating Partnership completed the sale of $250 million face amount of 7.750 percent senior unsecured notes due August 15, 2019 with interest payable semi-annually in arrears. The net proceeds of approximately $246.2 million, after underwriting discount, were used for general corporate purposes.

On January 15, 2010, the Company refinanced its $150 million secured loan with The Prudential Insurance Company of America. The new loan also includes VPCM, LLC, a wholly-owned subsidiary of the Virginia Retirement System, as co-lender. The mortgage loan, which is collateralized by seven properties, is for a seven-year term and carries an interest rate of 6.25 percent.

AVAILABLE INFORMATION

The Company's internet website is www.mack-cali.com. The Company makes available free of charge on or through its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after it electronically files or furnishes such materials to the Securities and Exchange Commission. In addition, the Company's internet website includes other items related to corporate governance matters, including, among other things, the Company's corporate governance principles, charters of various committees of the Board of Directors, and the Company's code of business conduct and ethics applicable to all employees, officers and directors. The Company intends to disclose on its internet website any amendments to or waivers from its code of business conduct and ethics as well as any amendments to its corporate governance principles or the charters of various committees of the Board of Directors. Copies of these documents may be obtained, free of charge, from our internet website. Any shareholder also may obtain copies of these documents, free of charge, by sending a request in writing to: Mack-Cali Investor Relations Department, 343 Thornall Street, Edison, NJ 08837-2206.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We consider portions of this report, 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," "should," "expec "anticipate," "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, including the impact of the general economic recession as it impacts the national and local economies, which in turn may have a negative effect on the fundamentals of our business and the financial condition of our tenants;
- 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 office, office/flex and industrial/warehouse properties;
- changes in interest rate levels and volatility in the securities markets;
- changes in operating costs;
- our ability to obtain adequate insurance, including coverage for terrorist acts;
- 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 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. We assume no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

ITEM 1A. RISK FACTORS

Our results from operations and ability to make distributions on our equity and debt service on our indebtedness may be affected by the risk factors set forth below. All investors should consider the following risk factors before deciding to purchase securities of the Company. The Company refers to itself as “we” or “our” in the following risk factors.

Adverse economic and geopolitical conditions in general and the Northeastern office markets in particular could have a material adverse effect on our results of operations, financial condition and our ability to pay distributions to you.

Our business may be affected by the unprecedented volatility in the financial and credit markets, the general global economic recession, and other market or economic challenges experienced by the U.S. economy or real estate industry as a whole. Our business may also be adversely affected by local economic conditions, as substantially all of our revenues are derived from our properties located in the Northeast, particularly in New Jersey, New York and Pennsylvania. Because our portfolio consists primarily of office and office/flex buildings (as compared to a more diversified real estate portfolio) located principally in the Northeast, if economic conditions persist or deteriorate, then our results of operations, financial condition and ability to service current debt and to pay distributions to our shareholders may be adversely affected by the following, among other potential conditions:

- significant job losses in the financial and professional services industries may occur, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from both our existing operations and our acquisition and development activities and increase our future interest expense;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
-

the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors;

- reduced liquidity in debt markets and increased credit risk premiums for certain market participants may impair our ability to access capital; and
- one or more lenders under our line of credit could refuse or be unable to fund their financing commitment to us and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

These conditions, which could have a material adverse effect on our results of operations, financial condition and ability to pay distributions, may continue or worsen in the future.

Our performance is subject to risks associated with the real estate industry.
General: Our business and our ability to make distributions or payments to our investors depend on the ability of our properties to generate funds in excess of operating expenses (including scheduled principal payments on debt and capital expenditures). Events or conditions that are beyond our control may adversely affect our operations and the value of our Properties. Such events or conditions could include:

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

We may suffer adverse consequences if our revenues decline since our operating costs do not necessarily decline in proportion to our revenue: We earn a significant portion of our income from renting our properties. Our operating costs, however, do not necessarily fluctuate in relation to changes in our rental revenue. This means that our costs will not necessarily decline even if our revenues do. Our operating costs could also increase while our revenues do not. If our operating costs increase but our rental revenues do not, we may be forced to borrow to cover our costs, we may incur losses and we may not have cash available for distributions to our stockholders.

Financially distressed tenants may be unable to pay rent: If a tenant defaults, we may experience delays and incur substantial costs in enforcing our rights as landlord and protecting our investments. If a tenant files for bankruptcy, a potential court judgment rejecting and terminating such tenant's lease could adversely affect our ability to make distributions or payments to our investors as we may be unable to replace the defaulting tenant with a new tenant at a comparable rental rate without incurring significant expenses or a reduction in rental income.

Renewing leases or re-letting space could be costly: If a tenant does not renew its lease upon expiration or terminates its lease early, we may not be able to re-lease the space. If a tenant does renew its lease or we re-lease the space, the terms of the renewal or new lease, including the cost of required renovations or concessions to the tenant, may be less favorable than the current lease terms, which could adversely affect our ability to make distributions or payments to our investors.

Adverse developments concerning some of our major tenants and industry concentrations could have a negative impact on our revenue: Recent developments in the general economy and the global credit markets have had a significant adverse effect on many companies in numerous industries. We have tenants concentrated in various industries that may be experiencing adverse effects of current economic conditions. Our business could be adversely affected if any of these tenants or any other tenants became insolvent, declared bankruptcy or otherwise refused to pay rent in a timely manner or at all.

Our insurance coverage on our properties may be inadequate or our insurance providers may default on their obligations to pay claims: We currently carry comprehensive insurance on all of our properties, including insurance for liability, fire and flood. We cannot guarantee that the limits of our current policies will be sufficient in the event of a catastrophe to our properties. We cannot guarantee that we will be able to renew or duplicate our current insurance coverage in adequate amounts or at reasonable prices. In addition, while our current insurance policies insure us against loss from terrorist acts and toxic mold, in the future, insurance companies may no longer offer coverage against these types of losses, or, if offered, these types of insurance may be prohibitively expensive. If any or all of the foregoing should occur, we may not have insurance coverage against certain types of losses and/or there may be decreases in the limits of insurance available. Should an uninsured loss or a loss in excess of our insured limits occur, we could lose all or a portion of the capital we have invested in a property or properties, as well as the anticipated future revenue from the property or properties. Nevertheless, we might remain obligated for any mortgage debt or other financial obligations related to the property or properties. We cannot guarantee that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our ability to make distributions or payments to our investors. If one or more of our insurance providers were to fail to pay a claim as a result of insolvency, bankruptcy or otherwise, the nonpayment of such claims could have an adverse effect on our financial condition and results of operations. In addition, if one or more of our insurance providers were to become subject to insolvency, bankruptcy or other proceedings and our insurance policies with the provider were terminated or canceled as a result of those proceedings, we cannot guarantee that we would be able to find alternative coverage in adequate amounts or at reasonable prices. In such case, we could experience a lapse in any or adequate insurance coverage with respect to one or more properties and be exposed to potential losses relating to any claims that may arise during such period of lapsed or inadequate coverage.

Illiquidity of real estate limits our ability to act quickly: Real estate investments are relatively illiquid. Such illiquidity may limit our ability to react quickly in response to changes in economic and other conditions. If we want to sell an investment, we might not be able to dispose of that investment in the time period we desire, and the sales price of that investment might not recoup or exceed the amount of our investment. The prohibition in the Internal Revenue Code of 1986, as amended (the "Code"), and related regulations on a real estate investment trust holding property for sale also may restrict our ability to sell property. In addition, we acquired a significant number of our properties from individuals to whom we issued Units as part of the purchase price. In connection with the acquisition of these properties, in order to preserve such individual's income tax deferral, we contractually agreed not to sell or otherwise transfer the properties for a specified period of time, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate individuals for the income tax consequences of the recognition of such built-in-gains. As of December 31, 2009, 11 of our properties, with an aggregate net book value of approximately $199.8 million, were subject to these restrictions, which expire periodically through 2016. For those properties where such restrictions have lapsed, we are 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 appropriate individuals. 126 of our properties, with an aggregate net book value of approximately $1.8 billion, have lapsed restrictions and are subject to these conditions. The above limitations on our ability to sell our investments could adversely affect our ability to make distributions or payments to our investors.

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

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

We face risks associated with property acquisitions: We have acquired in the past, and our long-term strategy is to continue to pursue the acquisition of properties and portfolios of properties in New Jersey, New York and Pennsylvania and in the Northeast generally, including large real estate portfolios that could increase our size and result in alterations to our capital structure. We may be competing for investment opportunities with entities that have greater financial resources. Several office building developers and real estate companies may compete with us in seeking properties for acquisition, land for development and prospective tenants. Such competition may adversely affect our ability to make distributions or payments to our investors by:

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

Our acquisition activities and their success are subject to the following risks:

- adequate financing to complete acquisitions may not be available on favorable terms or at all as a result of the unprecedented volatility in the financial and credit markets;
- even if we enter into an acquisition agreement for a property, we may be unable to complete that acquisition and risk the loss of certain non-refundable deposits and incurring certain other acquisition-related costs;
- the actual costs of repositioning or redeveloping acquired properties may be greater than our estimates;
- any acquisition agreement will likely contain conditions to closing, including completion of due diligence investigations to our satisfaction or other conditions that are not within our control, which may not be satisfied; and
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and acquired properties may fail to perform as expected; which may adversely affect our results of operations and financial condition.

New acquisitions may fail to perform as expected: We may acquire new office properties, assuming that we are able to obtain capital on favorable terms. Such newly acquired properties may not perform as expected and may subject us to unknown liability with respect to liabilities relating to such properties for clean-up of undisclosed environmental contamination or claims by tenants, vendors or other persons against the former owners of the properties. Inaccurate assumptions regarding future rental or occupancy rates could result in overly optimistic estimates of future revenues. In addition, future operating expenses or the costs necessary to bring an acquired property up to standards established for its intended market position may be underestimated.

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

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

Property ownership through joint ventures could subject us to the contrary business objectives of our co-venturers: We, from time to time, invest in joint ventures or partnerships in which we do not hold a controlling interest in the assets underlying the entities in which we invest, including joint ventures in which (i) we own a direct interest in an entity which controls such assets, or (ii) we own a direct interest in an entity which owns indirect interests, through one or more intermediaries, of such assets. These investments involve risks that do not exist with properties in which we own a controlling interest with respect to the underlying assets, including the possibility that our co-venturers or partners may, at any time, have business, economic or other objectives that are inconsistent with our objectives. Because we lack a controlling interest, our co-venturers or partners may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. While we seek protective rights against such contrary actions, there can be no assurance that we will be successful in procuring any such protective rights, or if procured, that the rights will be sufficient to fully protect us against contrary actions. Our organizational documents do not limit the amount of available funds that we may invest in joint ventures or partnerships. If the objectives of our co-venturers or partners are inconsistent with ours, it may adversely affect our ability to make distributions or payments to our investors.

Our real estate construction management activities are subject to risks particular to third-party construction projects.
As we may perform fixed price construction services for third parties, we are subject to a variety of risks unique to these activities. If construction costs of a project exceed original estimates, such costs may have to be absorbed by us, thereby making the project less profitable than originally estimated, or possibly not profitable at all. In addition, a construction project may be delayed due to government or regulatory approvals, supply shortages, or other events and circumstances beyond our control, or the time required to complete a construction project may be greater than originally anticipated. If any such excess costs or project delays were to be material, such events may adversely effect our cash flow and liquidity and thereby impact our ability to pay dividends or make distributions to our investors.

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

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

As of December 31, 2009, we had total outstanding indebtedness of $2.3 billion comprised of $1.6 billion of senior unsecured notes and approximately $755 million of mortgages, loans payable and other obligations. We may have to refinance the principal due on our current or future indebtedness at maturity, and we may not be able to do so.

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

- we may need to dispose of one or more of our properties upon disadvantageous terms;
- prevailing interest rates or other factors at the time of refinancing could increase interest rates and, therefore, our interest expense;
- we may be subject to an event of default pursuant to covenants for our indebtedness;
- if we mortgage property to secure payment of indebtedness and are unable to meet mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of our rents and

leases; and

- foreclosures upon mortgaged property could create taxable income without accompanying cash proceeds and, therefore, hinder our ability to meet the real estate investment trust distribution requirements of the Code.

We are obligated to comply with financial covenants in our indebtedness that could restrict our range of operating activities: The mortgages on our properties contain customary negative covenants, including limitations on our ability, without the prior consent of the lender, to further mortgage the property, to enter into new leases outside of stipulated guidelines or to materially modify existing leases. In addition, our revolving credit facility contains customary requirements, including restrictions and other limitations on our ability to incur debt, debt to assets ratios, secured debt to total assets ratios, interest coverage ratios and minimum ratios of unencumbered assets to unsecured debt. The indentures under which our senior unsecured debt have been issued contain financial and operating covenants including coverage ratios and limitations on our ability to incur secured and unsecured debt. These covenants limit our flexibility in conducting our operations and create a risk of default on our indebtedness if we cannot continue to satisfy them. Some of our debt instruments are cross-collateralized and contain cross default provisions with other debt instruments. Due to this cross-collateralization, a failure or default with respect to certain debt instruments or properties could have an adverse impact on us or our properties that are subject to the cross-collateralization under the applicable debt instrument. Failure to comply with these covenants could cause a default under the agreements and, in certain circumstances, our lenders may be entitled to accelerate our debt obligations. Defaults under our debt agreements could materially and adversely affect our financial condition and results of operations.

Rising interest rates may adversely affect our cash flow: As of December 31, 2009, there were no outstanding borrowings under our revolving credit facility under which borrowings bear interest at variable rates. We may incur indebtedness in the future that bears interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase. Higher debt service requirements could adversely affect our ability to make distributions or payments to our investors and/or cause us to default under certain debt covenants.

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

We are dependent on external sources of capital for future growth: To qualify as a real estate investment trust under the Code, we must distribute to our shareholders each year at least 90 percent of our net taxable income, excluding any net capital gain. Because of this distribution requirement, it is not likely that we will be able to fund all future capital needs, including for acquisitions and developments, from income from operations. Therefore, we will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings. Moreover, additional equity offerings may result in substantial dilution of our shareholders' interests, and additional debt financing may substantially increase our leverage.

Competition for skilled personnel could increase our labor costs.
We compete with various other companies in attracting and retaining qualified and skilled personnel. We depend on our ability to attract and retain skilled management personnel who are responsible for the day-to-day operations of our company. Competitive pressures may require that we enhance our pay and benefits package to compete effectively

for such personnel. We may not be able to offset such added costs by increasing the rates we charge our tenants. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be harmed.

We are dependent on our key personnel whose continued service is not guaranteed.
We are dependent upon our executive officers for strategic business direction and real estate experience. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. We have entered into an employment agreement (including non-competition provisions) which provides for a continuous four-year employment term with each of Mitchell E. Hersh, Barry Lefkowitz and Roger W. Thomas and a continuous one-year employment term with Michael A. Grossman and Mark Yeager. We do not have key man life insurance for our executive officers.

Certain provisions of Maryland law and our charter and bylaws could hinder, delay or prevent changes in control.
Certain provisions of Maryland law, our charter and our bylaws have the effect of discouraging, delaying or preventing transactions that involve an actual or threatened change in control. These provisions include the following:

Classified Board of Directors: Our Board of Directors is divided into three classes with staggered terms of office of three years each. The classification and staggered terms of office of our directors make it more difficult for a third party to gain control of our board of directors. At least two annual meetings of stockholders, instead of one, generally would be required to affect a change in a majority of the board of directors.

Removal of Directors: Under our charter, subject to the rights of one or more classes or series of preferred stock to elect one or more directors, a director may be removed only for cause and only by the affirmative vote of at least two-thirds of all votes entitled to be cast by our stockholders generally in the election of directors. Neither the Maryland General Corporation Law nor our charter define the term “cause.” As a result, removal for “cause” is subject to Maryland common law and to judicial interpretation and review in the context of the facts and circumstances of any particular situation.

Number of Directors, Board Vacancies, Terms of Office: We have, in our bylaws, elected to be subject to certain provisions of Maryland law which vest in the Board of Directors the exclusive right to determine the number of directors and the exclusive right, by the affirmative vote of a majority of the remaining directors, even if the remaining directors do not constitute a quorum, to fill vacancies on the board. These provisions of Maryland law, which are applicable even if other provisions of Maryland law or the charter or bylaws provide to the contrary, also provide that any director elected to fill a vacancy shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, rather than the next annual meeting of stockholders as would otherwise be the case, and until his or her successor is elected and qualifies.

Stockholder Requested Special Meetings: Our bylaws provide that our stockholders have the right to call a special meeting only upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast by the stockholders at such meeting.

Advance Notice Provisions for Stockholder Nominations and Proposals: Our bylaws require advance written notice for stockholders to nominate persons for election as directors at, or to bring other business before, any meeting of stockholders. This bylaw provision limits the ability of stockholders to make nominations of persons for election as directors or to introduce other proposals unless we are notified in a timely manner prior to the meeting.

Exclusive Authority of the Board to Amend the Bylaws: Our bylaws provide that our board of directors has the exclusive power to adopt, alter or repeal any provision of the bylaws or to make new bylaws. Thus, our stockholders may not effect any changes to our bylaws.

Preferred Stock: Under our charter, our Board of Directors has authority to issue preferred stock from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of our stockholders.

Duties of Directors with Respect to Unsolicited Takeovers: Maryland law provides protection for Maryland corporations against unsolicited takeovers by limiting, among other things, the duties of the directors in unsolicited takeover situations. The duties of directors of Maryland corporations do not require them to (a) accept, recommend or respond to any proposal by a person seeking to acquire control of the corporation, (b) authorize the corporation to redeem any rights under, or modify or render inapplicable, any stockholders rights plan, (c) make a determination under the Maryland Business Combination Act or the Maryland Control Share Acquisition Act, or (d) act or fail to act solely because of the effect of the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or the amount or type of consideration that may be offered or paid to the stockholders in an acquisition. Moreover, under Maryland law, the act of a director of a Maryland corporation relating to or affecting an acquisition or potential acquisition of control is not subject to any higher duty or greater scrutiny than is applied to any other act of a director. Maryland law also contains a statutory presumption that an act of a director of a Maryland corporation satisfies the applicable standards of conduct for directors under Maryland law.

Ownership Limit: In order to preserve our status as a real estate investment trust under the Code, our charter generally prohibits any single stockholder, or any group of affiliated stockholders, from beneficially owning more than 9.8 percent of our outstanding capital stock unless our Board of Directors waives or modifies this ownership limit.

Maryland Business Combination Act: The Maryland Business Combination Act provides that unless exempted, a Maryland corporation may not engage in business combinations, including mergers, dispositions of 10 percent or more of its assets, certain issuances of shares of stock and other specified transactions, with an "interested stockholder" or an affiliate of an interested stockholder, for five years after the most recent date on which the interested stockholder became an interested stockholder, and thereafter unless specified criteria are met. An interested stockholder is generally a person owning or controlling, directly or indirectly, 10 percent or more of the voting power of the outstanding stock of the Maryland corporation. Our board of directors has exempted from this statute business combinations between the Company and certain affiliated individuals and entities. However, unless our board adopts other exemptions, the provisions of the Maryland Business Combination Act will be applicable to business combinations with other persons.

Maryland Control Share Acquisition Act: Maryland law provides that "control shares" of a corporation acquired in a "control share acquisition" shall have no voting rights except to the extent approved by a vote of two-thirds of the votes eligible to cast on the matter under the Maryland Control Share Acquisition Act. "Control shares" means shares of stock that, if aggregated with all other shares of stock previously acquired by the acquirer, would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of the voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

If voting rights of control shares acquired in a control share acquisition are not approved at a stockholder's meeting, then subject to certain conditions and limitations, the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a stockholder's meeting and the acquirer becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. Our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any acquisitions of shares by certain affiliated individuals and entities, any directors, officers or employees of the Company and any person approved by the board of directors prior to the acquisition by such person of control shares. Any control shares acquired in a control share acquisition which are not exempt under the foregoing provisions of our bylaws will be subject to the Maryland Control Share Acquisition Act.

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

In addition, the consent of the holders of at least 85 percent of Mack-Cali Realty, L.P.'s partnership units is required: (i) to merge (or permit the merger of) us with another unrelated person, pursuant to a transaction in which Mack-Cali Realty, L.P. is not the surviving entity; (ii) to dissolve, liquidate or wind up Mack-Cali Realty, L.P.; or (iii) to convey or otherwise transfer all or substantially all of Mack-Cali Realty, L.P.'s assets. As of February 8, 2010, as general partner, we own approximately 85.6 percent of Mack-Cali Realty, L.P.'s outstanding common partnership units.

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

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

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

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

Other tax liabilities: Even if we qualify as a real estate investment trust under the Code, we are subject to certain federal, state and local taxes on our income and property and, in some circumstances, certain other state and local taxes. In addition, our taxable REIT subsidiaries will be subject to federal, state and local income tax for income received in connection with certain non-customary services performed for tenants and/or third parties.

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

Changes in market conditions could adversely affect the market price of our common stock.
As with other publicly traded equity securities, the value of our common stock depends on various market conditions, which may change from time to time. The market price of our common stock could change in ways that may or may not be related to our business, our industry or our operating performance and financial condition. Among the market conditions that may affect the value of our common stock are the following:

- the extent of your interest in us;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance; and
- general stock and bond market conditions.

The market value of our common stock is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. Consequently, our common stock may trade at prices that are higher or lower than our net asset value per share of common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

PROPERTY LIST

As of December 31, 2009, the Company's Consolidated Properties consisted of 263 in-service office, office/flex and industrial/warehouse properties, as well as two stand-alone retail properties and three land leases. The Consolidated Properties are located primarily in the Northeast. The Consolidated Properties are easily accessible from major thoroughfares and are in close proximity to numerous amenities. The Consolidated Properties contain a total of approximately 30.9 million square feet, with the individual properties ranging from 6,216 to 1,246,283 square feet. The Consolidated Properties, managed by on-site employees, generally have attractively landscaped sites and atriums in addition to quality design and construction. The Company's tenants include many service sector employers, including a large number of professional firms and national and international businesses. The Company believes that all of its properties are well-maintained and do not require significant capital improvements.

Office
Properties

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/09 (%) (a)	2009 Base Rent ($000's) (b) (c)	Percentage of Total 2009 Base Rent (%)	2009 Average Base Rent Per Sq. Ft. ($) (c) (d)	2009 Average Effective Rent Per Sq. Ft. ($) (c) (e)
NEW JERSEY							
Bergen County							
Fair Lawn							
17-17 Route 208 North	1987	143,000	67.2	2,095	0.34	21.80	19.66
Fort Lee							
One Bridge Plaza	1981	200,000	81.3	4,390	0.71	27.00	23.46
2115 Linwood Avenue	1981	68,000	53.7	966	0.16	26.45	24.24
Little Ferry							
200 Riser Road	1974	286,628	100.0	2,076	0.34	7.24	6.69
Lyndhurst							
210 Clay Avenue (f)	1981	121,203	89.1	1,681	0.27	23.19	20.97
Montvale							
95 Chestnut Ridge Road	1975	47,700	100.0	808	0.13	16.94	15.53
135 Chestnut Ridge Road	1981	66,150	99.7	1,465	0.24	22.21	17.74
Paramus							
15 East Midland Avenue	1988	259,823	80.5	4,859	0.79	23.23	22.48
140 East Ridgewood Avenue	1981	239,680	93.0	4,925	0.80	22.09	19.49
461 From Road	1988	253,554	98.6	6,074	0.99	24.30	24.23
650 From Road	1978	348,510	82.3	6,944	1.12	24.21	21.39
61 South Paramus Avenue	1985	269,191	83.3	6,663	1.08	29.71	26.21
Ridgefield Park							
105 Challenger Road	1992	150,050	100.0	4,778	0.78	31.84	28.65
Rochelle Park							
120 Passaic Street	1972	52,000	99.6	1,402	0.23	27.07	25.51
365 West Passaic Street	1976	212,578	96.1	4,313	0.70	21.11	19.25
395 West Passaic Street	1979	100,589	100.0	2,431	0.39	24.17	20.42
Upper Saddle River							
1 Lake Street	1973/94	474,801	100.0	7,465	1.21	15.72	15.72
10 Mountainview Road	1986	192,000	71.8	3,155	0.51	22.89	20.52
Woodcliff Lake							
400 Chestnut Ridge Road	1982	89,200	100.0	1,950	0.32	21.86	16.32
470 Chestnut Ridge Road	1987	52,500	100.0	1,277	0.21	24.32	19.03
530 Chestnut Ridge Road	1986	57,204	79.9	1,053	0.17	23.04	21.07

50 Tice Boulevard	1984	235,000	95.3	6,236	1.01	27.84	25.74
300 Tice Boulevard	1991	230,000	96.0	5,326	0.86	24.12	21.35
Burlington County							
Moorestown							
224 Strawbridge Drive	1984	74,000	100.0	1,680	0.27	22.70	20.27
228 Strawbridge Drive	1984	74,000	100.0	1,853	0.30	25.04	23.86
232 Strawbridge Drive	1986	74,258	98.8	1,470	0.24	20.04	17.57
Essex County							
Millburn							
150 J.F. Kennedy Parkway	1980	247,476	100.0	7,322	1.19	29.59	25.63

Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/09 (%) (a)	2009 Base Rent ($000's) (b) (c)	Percentage of Total 2009 Base Rent (%)	2009 Average Base Rent Per Sq. Ft. ($) (c) (d)	2009 Average Effective Rent Per Sq. Ft. ($) (c) (e)
Roseland							
4 Becker Farm Road (f)	1983	281,762	97.1	4,552	0.74	24.79	22.88
5 Becker Farm Road (f)	1982	118,343	89.8	1,681	0.27	23.57	21.50
6 Becker Farm Road (f)	1982	129,732	100.0	2,148	0.35	24.67	22.60
101 Eisenhower Parkway	1980	237,000	89.4	5,086	0.83	24.00	21.73
103 Eisenhower Parkway	1985	151,545	65.9	2,441	0.40	24.44	20.89
105 Eisenhower Parkway	2001	220,000	96.3	4,970	0.81	23.46	17.55
75 Livingston Avenue (f)	1985	94,221	55.6	989	0.16	28.13	22.27
85 Livingston Avenue (f)	1985	124,595	84.8	1,799	0.29	25.37	23.60
Hudson County							
Jersey City							
Harborside Financial Center Plaza 1	1983	400,000	100.0	11,295	1.83	28.24	24.47
Harborside Financial Center Plaza 2	1990	761,200	100.0	18,914	3.06	24.85	22.50
Harborside Financial Center Plaza 3	1990	725,600	99.2	20,367	3.30	28.30	25.93
Harborside Financial Center Plaza 4-A	2000	207,670	99.3	6,187	1.00	30.00	25.71
Harborside Financial Center Plaza 5	2002	977,225	99.7	35,879	5.83	36.83	31.46
101 Hudson Street	1992	1,246,283	100.0	32,230	5.22	25.86	22.83
Mercer County							
Hamilton Township							
3 AAA Drive	1981	35,270	68.7	527	0.09	21.75	17.37
2 South Gold Drive	1974	33,962	64.5	482	0.08	22.00	19.40
600 Horizon Drive	2002	95,000	100.0	1,373	0.22	14.45	14.45
700 Horizon Drive	2007	120,000	100.0	2,459	0.40	20.49	18.33
Princeton							
103 Carnegie Center	1984	96,000	90.1	1,770	0.29	20.46	16.72
2 Independence Way (f)	1981	67,401	100.0	1,014	0.16	22.41	19.98
3 Independence Way	1983	111,300	91.8	2,031	0.33	19.88	14.95
100 Overlook Center	1988	149,600	100.0	5,032	0.82	33.64	28.54

5 Vaughn Drive	1987	98,500	96.4	2,508	0.41	26.41	22.94
Middlesex County							
East Brunswick							
377 Summerhill Road	1977	40,000	100.0	353	0.06	8.83	7.70
Edison							
343 Thornall Street (c)	1991	195,709	100.0	4,181	0.68	21.36	15.63
Piscataway							
30 Knightsbridge Road, Bldg 3	1977	160,000	100.0	2,465	0.40	15.41	15.41
30 Knightsbridge Road, Bldg 4	1977	115,000	100.0	1,771	0.29	15.40	15.40
30 Knightsbridge Road, Bldg 5	1977	332,607	80.8	4,902	0.80	18.24	13.41
30 Knightsbridge Road, Bldg 6	1977	72,743	63.8	206	0.03	4.44	2.09
Plainsboro							
500 College Road East	1984	158,235	15.0	2,005	0.33	84.47	75.25
Woodbridge							
581 Main Street	1991	200,000	100.0	5,263	0.85	26.32	23.01
Monmouth County							
Freehold							
2 Paragon Way	1989	44,524	40.5	413	0.07	22.90	16.58
3 Paragon Way	1991	66,898	75.8	1,038	0.17	20.47	15.03
4 Paragon Way	2002	63,989	30.8	1,109	0.18	56.27	54.09
100 Willbowbrook Road	1988	60,557	86.2	1,096	0.18	21.00	18.91
Holmdel							
23 Main Street	1977	350,000	100.0	4,023	0.65	11.49	8.67

Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/09 (%) (a)	2009 Base Rent ($000's) (b) (c)	Percentage of Total 2009 Base Rent (%)	2009 Average Base Rent Per Sq. Ft. ($) (c) (d)	2009 Average Effective Rent Per Sq. Ft. ($) (c) (e)
Middletown							
One River Center Bldg 1	1983	122,594	100.0	3,145	0.51	25.65	21.07
One River Center Bldg 2	1983	120,360	100.0	2,899	0.47	24.09	22.05
One River Center Bldg 3	1984	214,518	93.6	4,557	0.74	22.70	22.20
Neptune							
3600 Route 66	1989	180,000	100.0	2,400	0.39	13.33	12.06
Wall Township							
1305 Campus Parkway	1988	23,350	92.4	435	0.07	20.16	14.00
1350 Campus Parkway	1990	79,747	99.9	1,572	0.26	19.73	17.47
Morris County							
Florham Park							
325 Columbia Turnpike	1987	168,144	70.2	3,241	0.53	27.46	23.36
Morris Plains							
250 Johnson Road	1977	75,000	100.0	1,579	0.26	21.05	18.47
201 Littleton Road	1979	88,369	83.3	1,668	0.27	22.66	20.31
Morris Township							
412 Mt. Kemble Avenue	1986	475,100	49.7	4,774	0.78	20.22	14.66
Parsippany							
4 Campus Drive	1983	147,475	91.8	3,252	0.53	24.02	19.91
6 Campus Drive	1983	148,291	93.2	2,937	0.48	21.25	17.42
7 Campus Drive	1982	154,395	55.4	1,726	0.28	20.18	16.46
8 Campus Drive	1987	215,265	100.0	6,110	0.99	28.38	25.81
9 Campus Drive	1983	156,495	66.2	2,663	0.43	25.70	22.89
4 Century Drive	1981	100,036	70.5	1,658	0.27	23.51	20.35
5 Century Drive	1981	79,739	77.1	1,352	0.22	21.99	18.62
6 Century Drive	1981	100,036	94.7	1,637	0.27	17.28	11.27
2 Dryden Way	1990	6,216	100.0	99	0.02	15.93	14.64
4 Gatehall Drive	1988	248,480	94.4	6,473	1.05	27.60	24.31
2 Hilton Court	1991	181,592	100.0	6,529	1.06	35.95	31.43
1633 Littleton Road	1978	57,722	100.0	1,131	0.18	19.59	19.59
600 Parsippany Road	1978	96,000	86.6	1,626	0.26	19.56	15.26
1 Sylvan Way	1989	150,557	43.0	675	0.11	10.43	9.67
4 Sylvan Way (f)	1984	105,135	100.0	1,286	0.21	18.22	16.35
5 Sylvan Way	1989	151,383	96.5	3,803	0.62	26.03	22.72
7 Sylvan Way	1987	145,983	100.0	3,219	0.52	22.05	19.28

22 Sylvan Way (f)	2009	249,409	100.0	5,045	0.82	24.13	21.76
20 Waterview Boulevard (f)	1988	225,550	96.8	3,532	0.57	24.10	21.28
35 Waterview Boulevard	1990	172,498	90.9	3,810	0.62	24.30	21.75
5 Wood Hollow Road	1979	317,040	73.1	4,766	0.77	20.56	16.60
Passaic County							
Clifton							
777 Passaic Avenue	1983	75,000	81.6	1,416	0.23	23.14	21.23
Totowa							
999 Riverview Drive	1988	56,066	76.7	983	0.16	22.86	21.23
Somerset County							
Basking Ridge							
222 Mt. Airy Road	1986	49,000	100.0	1,031	0.17	21.04	15.71
233 Mt. Airy Road	1987	66,000	100.0	1,315	0.21	19.92	16.71

Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/09 (%) (a)	2009 Base Rent ($000's) (b) (c)	Percentage of Total 2009 Base Rent (%)	2009 Average Base Rent Per Sq. Ft. ($) (c) (d)	2009 Average Effective Rent Per Sq. Ft. ($) (c) (e)
Bernards							
106 Allen Road	2000	132,010	99.7	2,783	0.45	21.15	15.43
Branchburg							
51 Imclone Drive (f)	1986	63,213	100.0	230	0.04	5.42	4.53
Bridgewater							
721 Route 202/206	1989	192,741	81.2	3,685	0.60	23.55	17.09
Warren							
10 Independence Boulevard (f)	1988	120,528	100.0	2,220	0.36	27.44	25.20
Union County							
Clark							
100 Walnut Avenue	1985	182,555	99.1	4,591	0.75	25.38	21.74
Cranford							
6 Commerce Drive	1973	56,000	85.7	942	0.15	19.63	16.19
11 Commerce Drive	1981	90,000	93.8	1,969	0.32	23.32	19.79
12 Commerce Drive	1967	72,260	87.6	824	0.13	13.02	10.05
14 Commerce Drive	1971	67,189	68.7	1,133	0.18	24.55	20.26
20 Commerce Drive	1990	176,600	98.9	4,298	0.70	24.61	21.14
25 Commerce Drive	1971	67,749	94.2	1,363	0.22	21.36	19.38
65 Jackson Drive	1984	82,778	97.5	1,884	0.31	23.34	20.17
New Providence							
890 Mountain Avenue	1977	80,000	91.4	1,856	0.30	25.38	23.66
Total New Jersey Office		19,347,734	90.6	411,338	66.78	24.10	21.09
NEW YORK							
New York County							
New York							
125 Broad Street	1970	524,476	100.0	19,886	3.22	37.92	34.42
Rockland County							
Suffern							
400 Rella Boulevard	1988	180,000	90.7	3,690	0.60	22.60	20.44

Westchester County							
Elmsford							
100 Clearbrook Road (c)	1975	60,000	91.9	1,108	0.18	20.09	18.15
101 Executive Boulevard	1971	50,000	30.8	492	0.08	31.95	27.79
555 Taxter Road	1986	170,554	80.1	3,500	0.57	25.62	21.13
565 Taxter Road	1988	170,554	95.9	3,965	0.64	24.24	20.08
570 Taxter Road	1972	75,000	67.0	1,311	0.21	26.09	24.48
Hawthorne							
1 Skyline Drive	1980	20,400	99.0	298	0.05	14.76	13.62
2 Skyline Drive	1987	30,000	82.9	166	0.03	6.67	5.99
7 Skyline Drive	1987	109,000	100.0	2,810	0.46	25.78	23.87
17 Skyline Drive	1989	85,000	100.0	1,630	0.26	19.18	16.34
19 Skyline Drive	1982	248,400	100.0	4,036	0.66	16.25	15.11

Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/09 (%) (a)	2009 Base Rent ($000's) (b) (c)	Percentage of Total 2009 Base Rent (%)	2009 Average Base Rent Per Sq. Ft. ($) (c) (d)	2009 Average Effective Rent Per Sq. Ft. ($) (c) (e)
Tarrytown							
200 White Plains Road	1982	89,000	78.8	1,485	0.24	21.17	18.81
220 White Plains Road	1984	89,000	85.9	1,785	0.29	23.35	20.98
White Plains							
1 Barker Avenue	1975	68,000	96.3	1,786	0.29	27.27	25.36
3 Barker Avenue	1983	65,300	98.3	1,725	0.28	26.87	24.51
50 Main Street	1985	309,000	99.0	9,969	1.62	32.59	28.73
11 Martine Avenue	1987	180,000	78.4	4,023	0.65	28.51	25.53
1 Water Street	1979	45,700	100.0	1,103	0.18	24.14	20.66
Yonkers							
1 Executive Boulevard	1982	112,000	100.0	3,059	0.50	27.31	24.38
3 Executive Boulevard	1987	58,000	92.8	1,473	0.24	27.37	24.92
Total New York Office		2,739,384	92.4	69,300	11.25	27.38	24.48
PENNSYLVANIA							
Chester County							
Berwyn							
1000 Westlakes Drive	1989	60,696	92.2	1,537	0.25	27.47	26.36
1055 Westlakes Drive	1990	118,487	94.7	2,873	0.47	25.60	21.26
1205 Westlakes Drive	1988	130,265	87.6	3,148	0.51	27.59	23.98
1235 Westlakes Drive	1986	134,902	99.0	3,091	0.50	23.14	19.00
Delaware County							
Lester							
100 Stevens Drive	1986	95,000	100.0	2,771	0.45	29.17	27.08
200 Stevens Drive	1987	208,000	100.0	6,087	0.98	29.26	27.55
300 Stevens Drive	1992	68,000	84.7	1,398	0.23	24.27	20.00
Media							
1400 Providence Road – Center I	1986	100,000	98.5	2,138	0.35	21.71	19.01
1400 Providence Road – Center II	1990	160,000	95.0	3,042	0.49	20.01	15.99
Montgomery County							

Bala Cynwyd							
150 Monument Road	1981	125,783	98.4	3,002	0.49	24.25	21.15
Blue Bell							
4 Sentry Park	1982	63,930	78.8	867	0.14	17.21	16.28
5 Sentry Park East	1984	91,600	51.3	921	0.15	19.60	14.88
5 Sentry Park West	1984	38,400	31.5	253	0.04	20.92	18.44
16 Sentry Park	1988	93,093	93.0	2,083	0.34	24.06	21.76
18 Sentry Park	1988	95,010	96.5	2,080	0.34	22.69	20.33
King of Prussia							
2200 Renaissance Boulevard	1985	174,124	66.7	2,329	0.38	20.05	16.21
Lower Providence							
1000 Madison Avenue	1990	100,700	54.5	924	0.15	16.84	10.29
Plymouth Meeting							
1150 Plymouth Meeting Mall	1970	167,748	75.8	2,681	0.44	21.08	16.26
Total Pennsylvania Office		2,025,738	85.7	41,225	6.70	23.74	20.45

Office Properties (Continued)

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CONNECTICUT							
Fairfield County							
Norwalk							
40 Richards Avenue	1985	145,487	71.1	2,628	0.43	25.41	22.34
Stamford							
1266 East Main Street	1984	179,260	87.3	3,807	0.62	24.33	21.03
Total Connecticut Office		324,747	80.1	6,435	1.05	24.73	21.52
DISTRICT OF COLUMBIA							
Washington							
1201 Connecticut Avenue, NW	1940	169,549	100.0	6,807	1.10	40.15	35.98
1400 L Street, NW	1987	159,000	100.0	5,895	0.96	37.08	31.29
Total District of Columbia Office		328,549	100.0	12,702	2.06	38.66	33.71
MARYLAND							
Prince George's County							
Greenbelt							
9200 Edmonston Road	1973	38,690	100.0	910	0.15	23.52	21.17
6301 Ivy Lane	1979	112,003	75.8	1,932	0.31	22.76	19.81
6303 Ivy Lane	1980	112,047	68.7	1,627	0.26	21.14	19.10
6305 Ivy Lane	1982	112,022	73.5	1,702	0.28	20.67	17.45
6404 Ivy Lane	1987	165,234	43.3	1,660	0.27	23.20	17.69
6406 Ivy Lane	1991	163,857	0.0	63	0.01	0.00	0.00
6411 Ivy Lane	1984	138,405	85.9	2,854	0.46	24.01	20.81
Lanham							
4200 Parliament Place	1989	122,000	89.2	2,757	0.45	25.33	23.42
Total Maryland Office		964,258	60.4	13,505	2.19	23.20	20.20

TOTAL OFFICE PROPERTIES	25,730,410	89.3	554,505	90.03	24.63	21.58

Office/Flex
Properties

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NEW JERSEY							
Burlington County							
Burlington							
3 Terri Lane	1991	64,500	100.0	558	0.09	8.65	5.94
5 Terri Lane	1992	74,555	78.8	456	0.07	7.76	6.18
Moorestown							
2 Commerce Drive	1986	49,000	74.1	253	0.04	6.97	4.85
101 Commerce Drive	1988	64,700	100.0	275	0.04	4.25	3.85
102 Commerce Drive	1987	38,400	100.0	236	0.04	6.15	4.58
201 Commerce Drive	1986	38,400	100.0	227	0.04	5.91	4.56
202 Commerce Drive	1988	51,200	100.0	263	0.04	5.14	3.54
1 Executive Drive	1989	20,570	81.1	157	0.03	9.41	7.01
2 Executive Drive	1988	60,800	100.0	469	0.08	7.71	5.59
101 Executive Drive	1990	29,355	99.7	304	0.05	10.39	8.61
102 Executive Drive	1990	64,000	100.0	474	0.08	7.41	7.02
225 Executive Drive	1990	50,600	67.6	151	0.02	4.41	2.60
97 Foster Road	1982	43,200	75.5	155	0.03	4.75	3.53
1507 Lancer Drive	1995	32,700	100.0	134	0.02	4.10	3.79
1245 North Church Street	1998	52,810	100.0	223	0.04	4.22	3.65
1247 North Church Street	1998	52,790	58.1	224	0.04	7.30	6.19
1256 North Church Street	1984	63,495	100.0	467	0.08	7.35	6.47
840 North Lenola Road	1995	38,300	100.0	370	0.06	9.66	7.86
844 North Lenola Road	1995	28,670	100.0	168	0.03	5.86	4.53
915 North Lenola Road	1998	52,488	100.0	290	0.05	5.53	4.32
2 Twosome Drive	2000	48,600	100.0	449	0.07	9.24	8.79
30 Twosome Drive	1997	39,675	89.9	277	0.04	7.77	5.97
31 Twosome Drive	1998	84,200	100.0	483	0.08	5.74	5.44
40 Twosome Drive	1996	40,265	100.0	322	0.05	8.00	6.66
41 Twosome Drive	1998	43,050	77.7	209	0.03	6.25	5.47
50 Twosome Drive	1997	34,075	100.0	257	0.04	7.54	7.13
Gloucester County							
West Deptford							
1451 Metropolitan Drive	1996	21,600	100.0	139	0.02	6.44	6.20

Mercer County							
Hamilton Township							
100 Horizon Center Boulevard	1989	13,275	100.0	215	0.03	16.20	14.16
200 Horizon Drive	1991	45,770	85.3	548	0.09	14.04	12.58
300 Horizon Drive	1989	69,780	100.0	1,011	0.16	14.49	11.16
500 Horizon Drive	1990	41,205	72.6	549	0.09	18.35	17.35

Office/Flex
Properties
(Continued)

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Monmouth County							
Wall Township							
1325 Campus Parkway	1988	35,000	100.0	655	0.11	18.71	14.06
1340 Campus Parkway	1992	72,502	100.0	959	0.16	13.23	10.58
1345 Campus Parkway	1995	76,300	85.4	866	0.14	13.29	10.74
1433 Highway 34	1985	69,020	82.7	470	0.08	8.23	6.08
1320 Wyckoff Avenue	1986	20,336	100.0	222	0.04	10.92	10.42
1324 Wyckoff Avenue	1987	21,168	100.0	217	0.04	10.25	7.75
Passaic County							
Totowa							
1 Center Court	1999	38,961	62.2	380	0.06	15.68	14.20
2 Center Court	1998	30,600	99.3	396	0.06	13.03	11.49
11 Commerce Way	1989	47,025	100.0	577	0.09	12.27	11.53
20 Commerce Way	1992	42,540	91.1	411	0.07	10.61	9.91
29 Commerce Way	1990	48,930	100.0	699	0.11	14.29	11.18
40 Commerce Way	1987	50,576	43.5	422	0.07	19.18	16.82
45 Commerce Way	1992	51,207	96.4	529	0.09	10.72	8.10
60 Commerce Way	1988	50,333	100.0	615	0.10	12.22	9.93
80 Commerce Way	1996	22,500	100.0	260	0.04	11.56	10.53
100 Commerce Way	1996	24,600	66.9	284	0.05	17.26	15.74
120 Commerce Way	1994	9,024	100.0	126	0.02	13.96	12.85
140 Commerce Way	1994	26,881	89.3	377	0.06	15.71	14.54
Total New Jersey Office/Flex		2,189,531	91.0	18,778	3.06	9.42	7.84
NEW YORK							
Westchester County							
Elmsford							
11 Clearbrook Road	1974	31,800	72.8	442	0.07	19.09	16.80
75 Clearbrook Road	1990	32,720	100.0	293	0.05	8.95	7.85
125 Clearbrook Road	2002	33,000	100.0	712	0.12	21.58	17.94
150 Clearbrook Road	1975	74,900	100.0	1,016	0.16	13.56	12.48
175 Clearbrook Road	1973	98,900	100.0	1,513	0.25	15.30	14.11

200 Clearbrook Road	1974	94,000	76.6	753	0.12	10.46	8.83
250 Clearbrook Road	1973	155,000	97.3	1,434	0.23	9.51	8.50
50 Executive Boulevard	1969	45,200	87.6	463	0.08	11.69	9.55
77 Executive Boulevard	1977	13,000	100.0	252	0.04	19.38	18.31
85 Executive Boulevard	1968	31,000	99.4	577	0.09	18.73	15.87
300 Executive Boulevard	1970	60,000	100.0	731	0.12	12.18	11.07
350 Executive Boulevard	1970	15,400	98.8	233	0.04	15.31	15.12
399 Executive Boulevard	1962	80,000	100.0	1,038	0.17	12.98	12.40
400 Executive Boulevard	1970	42,200	63.5	565	0.09	21.08	17.13
500 Executive Boulevard	1970	41,600	100.0	672	0.11	16.15	13.92

Office/Flex
Properties
(Continued)

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525 Executive Boulevard	1972	61,700	100.0	1,054	0.17	17.08	15.77
1 Westchester Plaza	1967	25,000	100.0	349	0.06	13.96	13.48
2 Westchester Plaza	1968	25,000	100.0	538	0.09	21.52	19.68
3 Westchester Plaza	1969	93,500	84.9	749	0.12	9.44	8.34
4 Westchester Plaza	1969	44,700	59.1	427	0.07	16.16	13.89
5 Westchester Plaza	1969	20,000	100.0	241	0.04	12.05	10.05
6 Westchester Plaza	1968	20,000	100.0	310	0.05	15.50	13.90
7 Westchester Plaza	1972	46,200	100.0	759	0.12	16.43	16.23
8 Westchester Plaza	1971	67,200	100.0	997	0.16	14.84	12.63
Hawthorne							
200 Saw Mill River Road	1965	51,100	92.0	659	0.11	14.02	12.91
4 Skyline Drive	1987	80,600	94.5	1,362	0.22	17.88	15.28
5 Skyline Drive	1980	124,022	99.3	1,749	0.28	14.20	12.29
6 Skyline Drive	1980	44,155	100.0	228	0.04	5.16	5.10
8 Skyline Drive	1985	50,000	79.3	983	0.16	24.79	18.08
10 Skyline Drive	1985	20,000	84.4	298	0.05	17.65	14.28
11 Skyline Drive	1989	45,000	100.0	803	0.13	17.84	17.11
12 Skyline Drive	1999	46,850	100.0	755	0.12	16.12	12.32
15 Skyline Drive	1989	55,000	100.0	1,191	0.19	21.65	20.04
Yonkers							
100 Corporate Boulevard	1987	78,000	98.3	1,480	0.24	19.30	18.14
200 Corporate Boulevard South	1990	84,000	99.8	1,525	0.25	18.19	17.56
4 Executive Plaza	1986	80,000	100.0	1,393	0.23	17.41	14.14
6 Executive Plaza	1987	80,000	99.2	1,542	0.25	19.43	18.04
1 Odell Plaza	1980	106,000	99.9	1,324	0.21	12.50	11.38
3 Odell Plaza	1984	71,065	100.0	1,595	0.26	22.44	20.81
5 Odell Plaza	1983	38,400	89.2	576	0.09	16.82	13.49
7 Odell Plaza	1984	42,600	99.6	737	0.12	17.37	16.22
Total New York Office/Flex		2,348,812	95.0	34,318	5.57	15.38	13.72
CONNECTICUT							
Fairfield County							
Stamford							
419 West Avenue	1986	88,000	100.0	1,363	0.22	15.49	13.84

500 West Avenue	1988	25,000	100.0	411	0.07	16.44	14.88
550 West Avenue	1990	54,000	100.0	840	0.14	15.56	15.44
600 West Avenue	1999	66,000	100.0	745	0.12	11.29	10.73
650 West Avenue	1998	40,000	100.0	686	0.11	17.15	15.90
Total Connecticut Office/Flex		273,000	100.0	4,045	0.66	14.82	13.80
TOTAL OFFICE/FLEX PROPERTIES		4,811,343	93.5	57,141	9.29	12.71	11.12

Industrial/Warehouse, Retail and Land Lease Properties

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/09 (%) (a)	2009 Base Rent ($000's) (b) (c)	Percentage of Total 2009 Base Rent (%)	2009 Average Base Rent Per Sq. Ft. ($) (c) (d)	2009 Average Effective Rent Per Sq. Ft. ($) (c) (e)
NEW YORK							
Westchester County							
Elmsford							
1 Warehouse Lane	1957	6,600	100.0	92	0.01	13.94	12.27
2 Warehouse Lane	1957	10,900	100.0	167	0.03	15.32	14.77
3 Warehouse Lane	1957	77,200	100.0	363	0.06	4.70	4.48
4 Warehouse Lane	1957	195,500	96.7	1,434	0.23	7.59	6.64
5 Warehouse Lane	1957	75,100	97.1	922	0.15	12.64	11.12
6 Warehouse Lane	1982	22,100	100.0	519	0.08	23.48	22.53
Total Industrial/Warehouse Properties		387,400	97.8	3,497	0.56	9.23	8.32
Westchester County							
Tarrytown							
230 White Plains Road	1984	9,300	100.0	159	0.03	17.10	16.24
Yonkers							
2 Executive Boulevard	1986	8,000	100.0	94	0.02	11.75	11.75
Total Retail Properties		17,300	100.0	253	0.05	14.62	14.16
Westchester County							
Elmsford							
700 Executive Boulevard	--	--	--	173	0.03	--	--
Yonkers							
1 Enterprise Boulevard	--	--	--	185	0.03	--	--
Total New York Land Leases		--	--	358	0.06	--	--
Prince George's County, Maryland							
Greenbelt							
Capital Office Park Parcel A (f)	--	--	--	85	0.01	--	--
		--	--	85	0.01	--	--

Total Maryland Land Leases						
Total Land Leases	--	--	443	0.07	--	--
TOTAL PROPERTIES	30,946,453	90.1	615,839	100.00	22.51	19.72

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(a) Percentage leased includes all leases in effect as of the period end date, some of which have commencement dates in the future and leases expiring December 31, 2009 aggregating 64,672 square feet (representing 0.2 percent of the Company's total net rentable square footage) for which no new leases were signed.
(b) Total base rent for 2009, determined in accordance with generally accepted accounting principles ("GAAP"). Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass through of charges for electrical usage.
(c) Excludes space leased by the Company.
(d) Base rent for 2009 divided by net rentable square feet leased at December 31, 2009.
(e) Total base rent for 2009 minus total 2009 amortization of tenant improvements, leasing commissions and other concessions and costs, determined in accordance with GAAP, divided by net rentable square feet leased at December 31, 2009.
(f) As this property was acquired, placed in service or initially consolidated by the Company during 2009, the amounts represented in 2009 base rent reflect only that portion of the year during which the Company owned the property. Accordingly, these amounts may not be indicative of the property's full year results. For comparison purposes, the amounts represented in 2009 average base rent per sq. ft. and 2009 average effective rent per sq. ft. for this property have been calculated by taking 2009 base rent and 2009 effective rent for such property and annualizing these partial-year results, dividing such annualized amounts by the net rentable square feet leased at December 31, 2009. These annualized per square foot amounts may not be indicative of the property's results had the Company owned the property for the entirety of 2009.

PERCENTAGE LEASED

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

December 31,	Percentage of Square Feet Leased (%) (a)
2009	90.1
2008	91.3
2007	92.7
2006	92.0
2005	91.0

(a) Percentage of square-feet 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.

SIGNIFICANT TENANTS

The following table sets forth a schedule of the Company's 50 largest tenants for the Consolidated Properties as of December 31, 2009 based upon annualized base rental revenue:

	Number of Properties	Annualized Base Rental Revenue ($) (a)	Percentage of Company Annualized Base Rental Revenue (%)	Square Feet Leased	Percentage Total Company Leased Sq. Ft. (%)	Year of Lease Expiration
National Union Fire Insurance Company of Pittsburgh, PA	3	14,137,802	2.2	526,023	1.8	(b)
Citigroup Global Markets, Inc.	2	11,309,837	1.7	348,003	1.2	(c)
DB Services New Jersey, Inc.	2	10,905,425	1.7	402,068	1.5	2017
Wyndham Worldwide Operations	2	9,170,108	1.5	395,983	1.4	(d)
United States of America-GSA	12	9,118,457	1.5	290,598	1.1	(e)
New Cingular Wireless PCS, LLC	3	8,995,940	1.4	405,530	1.5	(f)
Keystone Mercy Health Plan	2	8,867,108	1.4	303,149	1.1	2020
Prentice-Hall, Inc.	1	8,643,699	1.4	474,801	1.7	2014
Forest Research Institute, Inc.	1	8,271,398	1.3	215,659	0.8	2017
AT&T Corp.	2	7,934,132	1.3	395,528	1.4	(g)
ICAP Securities USA, LLC	1	6,236,408	1.0	159,834	0.6	2017
Toys 'R' Us – NJ, Inc.	1	6,152,682	1.0	242,518	0.9	2012
Daiichi Sankyo, Inc.	2	5,896,710	0.9	180,807	0.7	(h)
TD Ameritrade Online Holdings	1	5,830,626	0.9	184,222	0.7	2015
IBM Corporation	3	5,226,858	0.8	310,263	1.1	(i)
Credit Suisse (USA), Inc.	1	5,212,307	0.8	153,464	0.6	(j)
Allstate Insurance Company	8	5,080,600	0.8	213,236	0.8	(k)
Merrill Lynch Pierce Fenner	1	5,001,213	0.8	294,189	1.1	2017
Montefiore Medical Center	5	4,901,818	0.8	222,670	0.8	(l)
National Financial Services	1	4,798,621	0.8	112,964	0.4	2012

KPMG, LLP	3	4,752,555	0.8	176,520	0.6	(m)
Samsung Electronics America	1	4,184,278	0.7	150,050	0.5	2010
J.H. Cohn, LLP	1	4,151,405	0.7	154,035	0.6	2020
Morgan Stanley Smith Barney	4	4,050,623	0.6	142,530	0.5	(n)
Vonage America, Inc.	1	4,011,000	0.6	350,000	1.3	2017
Bank Of Tokyo-Mitsubishi, Ltd.	1	3,872,785	0.6	137,076	0.5	2019
Arch Insurance Company	1	3,685,118	0.6	106,815	0.4	2024
Morgan Stanley & Co., Inc.	1	3,674,040	0.6	306,170	1.1	2013
Lehman Brothers Holdings, Inc.	1	3,611,421	0.6	135,190	0.5	(o)
American Institute of Certified Public Accountants	1	3,455,040	0.6	142,953	0.5	2012
Oppenheimer & Co., Inc.	1	3,269,465	0.5	118,871	0.4	(p)
E*Trade Financial Corporation	1	3,124,160	0.5	106,573	0.4	2022
Dow Jones & Company, Inc.	1	3,057,773	0.5	92,312	0.3	2012
Shaw Facilities, Inc.	3	2,992,248	0.5	141,172	0.5	(q)
SunAmerica Asset Management	1	2,958,893	0.5	69,621	0.3	2018
United States Life Insurance Co.	1	2,880,000	0.5	180,000	0.7	2013
High Point Safety & Insurance	2	2,794,113	0.4	116,889	0.4	2020
HQ Global Workplaces, LLC	7	2,789,620	0.4	133,209	0.5	(r)
Tullett Prebon Holdings Corp.	1	2,787,758	0.4	113,041	0.4	(s)
Connell Foley, LLP	2	2,533,422	0.4	97,822	0.4	2015
AAA Mid-Atlantic, Inc.	2	2,529,519	0.4	129,784	0.5	(t)
Regus Business Centre Corp.	2	2,528,176	0.4	79,805	0.3	2011
Tradeweb Markets, LLC	1	2,490,140	0.4	64,976	0.2	2017
New Jersey Turnpike Authority	1	2,455,463	0.4	100,223	0.4	2017
Movado Group, Inc	1	2,449,828	0.4	90,050	0.3	2013
Lowenstein Sandler, P.C.	1	2,417,586	0.4	98,677	0.4	2017
Natixis North America, Inc.	1	2,408,679	0.4	83,629	0.3	2021
Sony BMG Music Entertainment	1	2,359,986	0.4	97,653	0.4	2014
Nextel of New York, Inc.	2	2,225,875	0.4	97,435	0.4	(u)
UBS Financial Services, Inc.	3	2,209,326	0.4	82,092	0.3	(v)
Totals		244,402,044	39.0	9,726,682	35.5	

See footnotes on subsequent page.

Significant Tenants Footnotes

(a) Annualized base rental revenue is based on actual December, 2009 billings times 12. For leases whose rent commences after January 1, 2010, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

(b) 394,849 square feet expire in 2012; 14,056 square feet expire in 2013; 117,118 square feet expire 2019.

(c) 330,900 square feet expired in 2010; 17,103 square feet expire in 2018.

(d) 145,983 square feet expire in 2011; 250,000 square feet expire in 2024.

(e) 11,825 square feet expire in 2010; 9,901 square feet expire in 2011; 11,216 square feet expire in 2012; 65,438 square feet expire in 2013; 4,879 square feet expire in 2014; 180,729 square feet expire in 2015; 6,610 square feet expire in 2017.

(f) 333,145 square feet expire in 2013; 72,385 square feet expire in 2014.

(g) 120,528 square feet expire in 2011; 275,000 square feet expire in 2014.

(h) 8,907 square feet expire in 2013; 171,900 square feet expire in 2022.

(i) 17,959 square feet expired in 2010; 248,399 square feet expire in 2012; 43,905 square feet expire in 2013.

(j) 71,511 square feet expire in 2011; 81,953 square feet expire in 2012.

(k) 41,207 square feet expire in 2010; 83,693 square feet expire in 2011; 29,005 square feet expire in 2013; 5,348 square feet expire in 2015; 53,983 square feet expire in 2017.

(l) 5,850 square feet expire in 2014; 7,200 square feet expire in 2016; 30,872 square feet expire in 2017; 36,385 square feet expire in 2018; 133,763 square feet expire in 2019; 8,600 square feet expire in 2020.

(m) 77,381 square feet expire in 2012; 53,409 square feet expire in 2019; 45,730 square feet expire in 2020.

(n) 26,834 square feet expire in 2014; 29,654 square feet expire in 2015; 63,260 square feet expire in 2016; 22,782 square feet expire in 2018.

(o) 63,686 square feet expire in 2010; 71,504 square feet expire in 2012.

(p) 104,008 square feet expire in 2013; 14,863 square feet expire in 2017.

(q) 39,060 square feet expire in 2013; 102,112 square feet expire in 2015.

(r) 22,064 square feet expire in 2013; 22,279 square feet expire in 2015; 33,649 square feet expire in 2018; 19,485 square feet expire in 2019; 21,008 square feet expire in 2020; 14,724 square feet expire in 2021.

(s) 12,282 square feet expire in 2011; 100,759 square feet expire in 2023.

(t) 9,784 square feet expire in 2017; 120,000 square feet expire in 2022.

(u) 62,435 square feet expire in 2010; 35,000 square feet expire in 2014.

(v) 21,554 square feet expire in 2012; 23,373 square feet expire in 2013; 37,165 square feet expire in 2016.

SCHEDULE OF LEASE EXPIRATIONS: ALL CONSOLIDATED PROPERTIES

The following table sets forth a schedule of lease expirations for the total of the Company's office, office/flex, industrial/warehouse and stand-alone retail properties included in the Consolidated Properties beginning January 1, 2010, assuming that none of the tenants exercise renewal or termination options:

Year Of Expiration	Number Of Leases Expiring (a)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%)	Annualized Base Rental Revenue Under Expiring Leases ($) (b)	Average Annual Base Rent Per Net Rentable Square Foot Represented By Expiring Leases ($)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2010 (c)	314	2,310,385	8.4	55,381,172	23.97	8.7
2011	414	3,333,461	12.2	74,391,972	23.32	11.9
2012	332	3,038,565	11.1	73,361,704	24.14	11.7
2013	335	3,790,310	13.9	82,432,246	21.75	13.2
2014	276	2,847,201	10.4	62,565,633	21.97	10.0
2015	216	3,110,622	11.4	68,984,430	22.18	11.0
2016	105	1,432,346	5.2	31,076,532	21.70	5.0
2017	101	2,601,506	9.5	62,445,560	24.00	10.0
2018	61	990,128	3.6	23,698,940	23.94	3.8
2019	49	1,024,497	3.7	21,765,173	21.24	3.5
2020	45	974,583	3.6	22,536,407	23.12	3.6
2021 and thereafter	39	1,920,671	7.0	47,791,562	24.88	7.6
Totals/Weighted Average	2,287	27,374,275(c) (d)	100.0	626,431,331	22.88	100.0

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

(b)

Annualized base rental revenue is based on actual December 2009 billings times 12. For leases whose rent commences after January 1, 2010, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

(c) Includes leases expiring December 31, 2009 aggregating 64,672 square feet and representing annualized rent of $1,399,732 for which no new leases were signed.

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

	Square Feet
Square footage leased to commercial tenants	27,374,275
Square footage used for corporate offices, management offices, building use, retail tenants, food services, other ancillary service tenants and occupancy adjustments	495,524
Square footage unleased	3,076,654
Total net rentable square footage (does not include land leases)	30,946,453

SCHEDULE OF LEASE EXPIRATIONS: OFFICE PROPERTIES

The following table sets forth a schedule of lease expirations for the office properties beginning January 1, 2010, assuming that none of the tenants exercise renewal or termination options:

Year Of Expiration	Number Of Leases Expiring (a)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%)	Annualized Base Rental Revenue Under Expiring Leases ($) (b)	Average Annual Base Rent Per Net Rentable Square Foot Represented By Expiring Leases ($)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2010 (c)	248	1,863,174	8.3	49,566,722	26.60	8.8
2011	330	2,642,150	11.8	66,776,219	25.27	11.9
2012	260	2,411,627	10.7	65,208,931	27.04	11.6
2013	253	2,911,768	12.9	69,988,369	24.04	12.5
2014	223	2,319,187	10.3	55,877,950	24.09	10.0
2015	182	2,831,075	12.6	65,695,399	23.21	11.7
2016	85	1,017,472	4.5	25,105,588	24.67	4.5
2017	82	2,400,683	10.7	59,195,449	24.66	10.5
2018	39	715,489	3.2	19,751,962	27.61	3.5
2019	34	680,750	3.0	16,806,721	24.69	3.0
2020	34	814,895	3.6	20,468,253	25.12	3.6
2021 and thereafter	37	1,886,665	8.4	47,165,624	25.00	8.4
Totals/Weighted Average	1,807	22,494,935 (c)	100.0	561,607,187	24.97	100.0

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

(b)

Annualized base rental revenue is based on actual December 2009 billings times 12. For leases whose rent commences after January 1, 2010, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

(c) Includes leases expiring December 31, 2009 aggregating 53,806 square feet and representing annualized rent of $1,263,441 for which no new leases were signed.

SCHEDULE OF LEASE EXPIRATIONS: OFFICE/FLEX PROPERTIES

The following table sets forth a schedule of lease expirations for the office/flex properties beginning January 1, 2010, assuming that none of the tenants exercise renewal or termination options:

Year Of Expiration	Number Of Leases Expiring (a)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%)	Annualized Base Rental Revenue Under Expiring Leases ($) (b)	Average Annual Base Rent Per Net Rentable Square Foot Represented By Expiring Leases ($)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2010 (c)	65	442,261	9.7	5,725,350	12.95	9.6
2011	82	671,911	15.0	7,387,153	10.99	12.3
2012	71	620,300	13.8	8,079,755	13.03	13.4
2013	71	724,237	16.2	11,057,827	15.27	18.4
2014	49	488,169	10.9	5,883,973	12.05	9.8
2015	33	251,547	5.6	2,967,031	11.80	4.9
2016	18	279,792	6.2	4,451,272	15.91	7.4
2017	19	200,823	4.5	3,250,111	16.18	5.4
2018	21	266,639	6.0	3,698,928	13.87	6.2
2019	15	343,747	7.7	4,958,452	14.42	8.2
2020	11	159,688	3.6	2,068,154	12.95	3.4
2021 and thereafter	2	34,006	0.8	625,938	18.41	1.0
Totals/Weighted Average	457	4,483,120 (c)	100.0	60,153,944	13.42	100.0

(a)

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

(b) Annualized base rental revenue is based on actual December 2009 billings times 12. For leases whose rent commences after January 1, 2010, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

(c) Includes leases expiring December 31, 2009 aggregating 10,866 square feet and representing annualized rent of $136,291 for which no new leases were signed.

SCHEDULE OF LEASE EXPIRATIONS: INDUSTRIAL/WAREHOUSE PROPERTIES

The following table sets forth a schedule of lease expirations for the industrial/warehouse properties beginning January 1, 2010, assuming that none of the tenants exercise renewal or termination options:

Year Of Expiration	Number Of Leases Expiring (a)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%)	Annualized Base Rental Revenue Under Expiring Leases ($) (b)	Average Annual Base Rent Per Net Rentable Square Foot Represented By Expiring Leases ($)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2010	1	4,950	1.3	89,100	18.00	2.1
2011	2	19,400	5.1	228,600	11.78	5.4
2012	1	6,638	1.8	73,018	11.00	1.7
2013	11	154,305	40.7	1,386,050	8.98	32.6
2014	3	30,545	8.1	628,710	20.58	14.8
2015	1	28,000	7.4	322,000	11.50	7.6
2016	2	135,082	35.6	1,519,672	11.25	35.8
Totals/Weighted Average	21	378,920	100.0	4,247,150	11.21	100.0

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

(b) Annualized base rental revenue is based on actual December 2009 billings times 12. For leases whose rent commences after January 1, 2010, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, the historical results may differ from those set forth above.

SCHEDULE OF LEASE EXPIRATIONS: STAND-ALONE RETAIL PROPERTIES

The following table sets forth a schedule of lease expirations for the stand-alone retail properties beginning January 1, 2010 assuming that none of the tenants exercise renewal or termination options:

Average

Year Of Expiration	Number Of Leases Expiring (a)	Net Rentable Area Subject To Expiring Leases (Sq. Ft.)	Percentage Of Total Leased Square Feet Represented By Expiring Leases (%)	Annualized Base Rental Revenue Under Expiring Leases ($) (b)	Annual Base Rent Per Net Rentable Square Foot Represented By Expiring Leases ($)	Percentage Of Annual Base Rent Under Expiring Leases (%)
2014	1	9,300	53.8	175,000	18.82	41.4
2018	1	8,000	46.2	248,050	31.01	58.6
Totals/Weighted Average	2	17,300	100.0	423,050	24.45	100.0

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

(b) Annualized base rental revenue is based on actual December 2009 billings times 12. For leases whose rent commences after January 1, 2010 annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

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INDUSTRY DIVERSIFICATION

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

Industry Classification (a)	Annualized Base Rental Revenue ($) (b) (c) (d)	Percentage of Company Annualized Base Rental Revenue (%)	Square Feet Leased (c) (d)	Percentage of Total Company Leased Sq. Ft. (%)
Securities, Commodity Contracts & Other Financial	102,997,592	16.5	3,782,274	13.9
Insurance Carriers & Related Activities	57,847,293	9.3	2,353,291	8.6
Manufacturing	51,007,205	8.2	2,635,523	9.6
Telecommunications	41,733,313	6.7	2,133,663	7.8
Legal Services	37,099,125	5.9	1,418,926	5.2
Health Care & Social Assistance	29,380,389	4.7	1,383,604	5.1
Computer System Design Services	27,729,122	4.4	1,321,821	4.8
Credit Intermediation & Related Activities	26,448,185	4.2	1,022,498	3.7
Scientific Research/Development	23,094,736	3.7	848,562	3.1
Wholesale Trade	18,608,260	3.0	1,265,984	4.6
Accounting/Tax Preparation	17,537,017	2.8	664,178	2.4
Admin & Support, Waste Mgt. & Remediation Services	17,271,629	2.8	796,133	2.9
Public Administration	15,622,668	2.5	602,186	2.2
Architectural/Engineering	15,558,218	2.5	717,557	2.6
Retail Trade	14,654,985	2.3	730,010	2.7
Management/Scientific	12,383,219	2.0	499,410	1.8
Real Estate & Rental & Leasing	11,906,880	1.9	534,418	2.0
Accommodation & Food Services	11,432,807	1.8	497,378	1.8
Other Services (except Public Administration)	11,389,243	1.8	459,859	1.7
Arts, Entertainment & Recreation	11,376,812	1.8	679,077	2.5
Advertising/Related Services	8,949,998	1.4	346,731	1.3
Information Services	8,022,081	1.3	296,610	1.1
Construction	7,013,989	1.1	337,843	1.2
Other Professional	6,487,489	1.0	269,372	1.0
Publishing Industries	6,195,183	1.0	249,148	0.9
Broadcasting	5,693,198	0.9	204,248	0.7
Transportation	5,433,129	0.9	289,568	1.1
Utilities	5,296,482	0.8	226,567	0.8
Data Processing Services	4,784,933	0.8	201,858	0.7
Educational Services	3,969,992	0.6	203,446	0.7
Other	9,506,159	1.4	402,532	1.5
TOTAL	626,431,331	100.0	27,374,275	100.0

(a) The Company's tenants are classified according to the U.S. Government's North American Industrial Classification System (NAICS).

(b) Annualized base rental revenue is based on actual December 2009 billings times 12. For leases whose rent commences after January 1, 2010 annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

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

(d) Includes leases in effect as of the period end date, some of which have commencement dates in the future and leases expiring December 31, 2009 aggregating 64,672 square feet and representing annualized rent of $1,399,732 for which no new leases were signed.

MARKET DIVERSIFICATION

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

Market (MSA)	Annualized Base Rental Revenue ($) (a) (b) (c)	Percentage Of Company Annualized Base Rental Revenue (%)	Total Property Size Rentable Area (b) (c)	Percentage Of Rentable Area (%)
Newark, NJ				
(Essex-Morris-Union Counties)	135,486,909	21.6	6,495,715	20.8
Jersey City, NJ	118,413,718	18.9	4,317,978	14.0
Westchester-Rockland, NY	92,786,586	14.8	4,968,420	16.1
Bergen-Passaic, NJ	91,010,110	14.5	4,723,604	15.3
Philadelphia, PA-NJ	56,046,278	8.9	3,529,994	11.4
Middlesex-Somerset-Hunterdon, NJ	36,207,931	5.8	1,918,252	6.2
Washington, DC-MD-VA-WV	26,638,168	4.3	1,292,807	4.2
Monmouth-Ocean, NJ	26,331,433	4.2	1,620,863	5.2
Trenton, NJ	17,079,000	2.7	956,597	3.1
New York (Manhattan)	16,120,934	2.6	524,476	1.7
Bridgeport-Stamford-Norwalk, CT	10,310,264	1.7	597,747	2.0
Totals	626,431,331	100.0	30,946,453	100.0

(a) Annualized base rental revenue is based on actual December 2009 billings times 12. For leases whose rent commences after January 1, 2010, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

(b) Includes leases in effect as of the period end date, some of which have commencement dates in the future, and leases expiring December 31, 2009 aggregating 64,672 square feet and representing annualized rent of $1,399,732 for which no new leases were signed.

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

ITEM 3. LEGAL PROCEEDINGS

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

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

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

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

The following table sets forth the quarterly high, low, and closing price per share of Common Stock reported on the NYSE for the years ended December 31, 2009 and 2008, respectively:

For the Year Ended December 31, 2009:

	High	Low	Close
First Quarter	$23.99	$14.14	$19.81
Second Quarter	$28.01	$18.30	$22.80
Third Quarter	$37.63	$21.13	$32.33
Fourth Quarter	$36.23	$29.24	$34.57

For the Year Ended December 31, 2008:

	High	Low	Close
First Quarter	$37.42	$28.44	$35.71
Second Quarter	$40.56	$33.67	$34.17
Third Quarter	$43.00	$31.00	$33.87
Fourth Quarter	$33.31	$13.16	$24.50

On February 8, 2010, the closing Common Stock price reported on the NYSE was $31.24 per share.

On June 26, 2009, the Company filed with the NYSE its annual CEO Certification and Annual Written Affirmation pursuant to Section 303A.12 of the NYSE Listed Company Manual, each certifying that the Company was in compliance with all of the listing standards of the NYSE.

HOLDERS

On February 8, 2010, the Company had 518 common shareholders of record. This does not include beneficial owners for whom Cede & Co. or others act as nominee.

RECENT SALES OF UNREGISTERED SECURITIES; USES OF PROCEEDS FROM REGISTERED SECURITIES

During the three months ended December 31, 2009, the Company issued 326,719 shares of Common Stock to holders of common units in the Operating Partnership upon the redemption of such common units in private offerings pursuant to Section 4(2) of the Securities Act. The holders of the common units were limited partners of the Operating Partnership and accredited investors under Rule 501 of the Securities Act. The common units were converted into an equal number of shares of Common Stock. The Company has registered the resale of such shares under the Securities Act.

DIVIDENDS AND DISTRIBUTIONS

During the year ended December 31, 2009, the Company declared four quarterly cash dividends on its common stock and common units of $0.45 per share and per unit for each of the first to the fourth quarter, respectively. Additionally, in 2009, the Company declared quarterly preferred stock cash dividends of $50.00 per preferred share from the first to the fourth quarter.

During the year ended December 31, 2008, the Company declared four quarterly cash dividends on its common stock and common units of $0.64 per share and per unit for each of the first to the fourth quarter, respectively. Additionally, in 2008, the Company declared quarterly preferred stock cash dividends of $50.00 per preferred share from the first to the fourth quarter.

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

PERFORMANCE GRAPH

The following graph compares total stockholder returns from the last five fiscal years to the Standard & Poor's 500 Index ("S&P 500") and to the National Association of Real Estate Investment Trusts, Inc.'s Equity REIT Total Return Index ("NAREIT"). The graph assumes that the value of the investment in the Company's Common Stock and in the S&P 500 and NAREIT indices was $100 at December 31, 2004 and that all dividends were reinvested. The price of the Company's Common Stock on December 31, 2004 (on which the graph is based) was $46.03. The past stockholder return shown on the following graph is not necessarily indicative of future performance.

Comparison of Five-Year Cumulative Total Return

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table summarizes information, as of December 31, 2009, relating to equity compensation plans of the Company (including individual compensation arrangements) pursuant to which equity securities of the Company are authorized for issuance.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights	(b) Weighted-Average Exercise Price of Outstanding Options and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column(a))
Equity Compensation Plans Approved by Stockholders	675,272 (2)	$28.74 (3)	3,824,270
Equity Compensation Plans Not Approved by Stockholders(1)	71,848.471	N/A	N/A (4)
Total	747,120.471	N/A	3,824,270

(1) The only plan included in the table that was adopted without stockholder approval was the Directors' Deferred Compensation Plan. See Note 15: Mack-Cali Realty Corporation Stockholder Equity - Deferred Stock Compensation Plan For Directors.

(2) Includes 323,088 shares of restricted Common Stock.

(3) Weighted-average exercise price of outstanding options; excludes restricted Common Stock.

(4) The Directors' Deferred Compensation Plan does not limit the number of stock units issuable thereunder, but applicable SEC and NYSE rules restricted the aggregate number of stock units issuable thereunder to one percent (1%) of the Company's outstanding shares when the plan commenced on January 1, 1999.

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data on a consolidated basis for the Company. The consolidated selected operating, balance sheet and other data of the Company as of December 31, 2009, 2008, 2007, 2006 and 2005, and for the years then ended have been derived from the Company's financial statements for the respective periods.

Operating Data (a)	Year Ended December 31,				
In thousands, except per share data	2009	2008	2007	2006	2005
Total revenues	$ 764,525	$ 777,969	$ 808,350	$ 732,012	$ 591,991
Property expenses (b)	$ 276,992	$ 279,844	$ 270,913	$ 253,667	$ 207,558
Direct construction costs	$ 20,323	$ 37,649	$ 85,179	$ 53,602	--
General and administrative	$ 39,807	$ 43,984	$ 52,162	$ 49,074	$ 32,432
Interest expense	$ 141,273	$ 128,145	$ 126,672	$ 134,964	$ 119,070
Income from continuing operations	$ 63,728	$ 64,879	$ 88,612	$ 104,582	$ 92,299
Net income available to common shareholders	$ 52,568	$ 51,726	$ 108,466	$ 142,666	$ 93,488
Income from continuing operations per share – basic	$ 0.71	$ 0.79	$ 1.06	$ 1.33	$ 1.17
Income from continuing operations per share – diluted	$ 0.71	$ 0.79	$ 1.06	$ 1.32	$ 1.16
Net income per share – basic	$ 0.71	$ 0.79	$ 1.62	$ 2.29	$ 1.52
Net income per share – diluted	$ 0.71	$ 0.79	$ 1.61	$ 2.28	$ 1.51
Dividends declared per common share	$ 1.80	$ 2.56	$ 2.56	$ 2.54	$ 2.52
Basic weighted average shares outstanding	74,318	65,489	67,026	62,237	61,477
Diluted weighted average shares outstanding	88,389	80,648	82,500	77,901	74,189

Balance Sheet Data	December 31,				
In thousands	2009	2008	2007	2006	2005
Rental property, before accumulated depreciation and amortization	$5,186,208	$4,963,780	$4,885,429	$4,573,587	$4,491,752
Total assets	$4,721,637	$4,443,922	$4,593,202	$4,422,889	$4,247,502
Total debt (c)	$2,337,437	$2,225,475	$2,211,735	$2,159,959	$2,126,181
Total liabilities	$2,578,447	$2,484,559	$2,492,797	$2,412,762	$2,335,396
Total Mack-Cali Realty Corporation Stockholders' equity	$1,831,458	$1,544,463	$1,642,555	$1,527,907	$1,511,287
Total noncontrolling interests in subsidiaries	$ 311,732	$ 414,900	$ 457,850	$ 482,220	$ 400,819

(a) Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.
(b) Property expenses is calculated by taking the sum of real estate taxes, utilities and operating services for each of the periods presented.
(c) Total debt is calculated by taking the sum of senior unsecured notes, revolving credit facilities, and mortgages, loans payable and other obligations.

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

The following discussion should be read in conjunction with the Consolidated Financial Statements of Mack-Cali Realty Corporation and the notes thereto (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, (the "Company") is one of the largest real estate investment trusts (REITs) in the United States. The Company has been involved in all aspects of commercial real estate development, management and ownership for over 50 years and has been a publicly-traded REIT since 1994. The Company owns or has interests in 289 properties (collectively, the "Properties"), primarily class A office and office/flex buildings, totaling approximately 33.2 million square feet, leased to approximately 2,100 tenants. The Properties are located primarily in suburban markets of the Northeast, some with adjacent, Company-controlled developable land sites able to accommodate up to 12.5 million square feet of additional commercial space.

The Company's strategy is to be a significant real estate owner and operator in its core, high-barriers-to-entry markets, primarily in the Northeast.

As an owner of real estate, almost all of the Company's earnings and cash flow is 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;
- operating expenses;
- cost of capital; and
- the extent of acquisitions, development and sales of real estate.

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.

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 office and office/flex space or competition within the market.

The Company's core markets continue to be weak. The percentage leased in the Company's consolidated portfolio of stabilized operating properties was 90.1 percent at December 31, 2009 as compared to 91.3 percent at December 31, 2008 and 92.7 percent at December 31, 2007. 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 as of December 31, 2009, 2008 and 2007 aggregate 64,672, 67,473 and 146,261 square feet, respectively, or 0.2, 0.2 and 0.5 percentage of the net rentable square footage, respectively. Rental rates on the Company's space that was re-leased (based on first rents payable) during the year ended December 31, 2009 decreased an average of 9.3 percent compared to rates that were in effect under the prior leases, as compared to a 1.5 percent increase in 2008 and a 0.2 percent decrease in 2007. The Company believes that vacancy rates may continue to increase in some of its markets through 2010 and possibly beyond. As a result, the Company's future earnings and cash flow may continue to be negatively impacted by current market conditions.

Deteriorating economic conditions have resulted in a reduction of the availability of financing and overall higher borrowing rates. These factors, coupled with a slowing economy, have reduced the volume of real estate transactions and created credit stresses on most businesses.

The Company expects that the impact of the current state of the economy, including rising unemployment and the unprecedented volatility in the financial and credit market, will continue to have a dampening effect on the fundamentals of its business, including increases in past due accounts, defaults, lower occupancy and reduced effective rents. These conditions would negatively affect the Company’s future net income and cash flows and could have a material adverse effect on the Company’s financial condition. Although the Company believes that the quality of its assets and its strong balance sheet will enable it to raise capital from traditional sources, these sources are offering fewer dollars, under stricter terms and at higher rates, and there can be no assurance that the Company will be able to do so on terms that are economically attractive or at all.

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

- property transactions during the period;
- critical accounting policies and estimates;
- results of operations for the year ended December 31, 2009 as compared to the year ended December 31, 2008;
- results of operations for the year ended December 31, 2008 as compared to the year ended December 31, 2007; and
- liquidity and capital resources.

Property Transactions

On March 1, 2009, the Company placed in service a 249,409 square-foot, class A office building, which is fully leased through August 2024. The building is located in the Mack-Cali Business Campus in Parsippany, New Jersey.

On April 29, 2009, the Company acquired SL Green’s interests in the Mack-Green-Gale LLC and subsidiaries (“Mack-Green”) and 55 Corporate Partners, LLC (“55 Corporate”) joint ventures (the “SL Green Transactions”) for $5 million. As a result, the Company owns 100 percent of Mack-Green and 55 Corporate. Concurrent with the SL Green Transactions, the loan agreement with an affiliate of Gramercy Capital Corporation (“Gramercy”) on six office properties indirectly owned by Mack-Green was restructured providing Gramercy with the power to control the activities that are most important to the properties’ economic performance. At the time of the restructuring, the estimated fair value of the six properties was less than the aggregate carrying amount of the non-recourse mortgage loans.

As a result of the SL Green Transactions and the agreement with Gramercy, as of April 29, 2009, the Company began consolidating 11 office properties, aggregating approximately 1.5 million square feet, owned and controlled by Mack-Green, and a pre-leased 205,000 square foot office development project owned and controlled by 55 Corporate. The Company also has retained a non-controlling interest in entities that own 100 percent of six office properties, aggregating 786,198 square feet, which were previously indirectly owned by Mack-Green. See “Mack-Green-Gale LLC” and “55 Corporate Partners, LLC” under Note 4: Investments in Unconsolidated Joint Ventures – to the Financial Statements for further discussion on the transactions.

The Company’s office property located at 105 Challenger Road in Ridgefield Park, New Jersey, aggregating 150,000 square feet, is collateral for a mortgage loan scheduled to mature on June 30, 2010 with a balance of $19.4 million at

December 31, 2009. As of December 31, 2009, the Company estimated that the carrying value of the property may not be recoverable over its anticipated holding period. In order to reduce the carrying value of the property to its estimated fair market value, the Company recorded an impairment charge of $16.6 million at December 31, 2009.

Critical Accounting Policies and Estimates

The Financial Statements have been prepared in conformity with generally accepted accounting principles. The preparation of the Financial Statements 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. 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. 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 years ended December 31, 2009, 2008 and 2007 was $1.4 million, $5.8 million and $5.1 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 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 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 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 exceed the purchase consideration of a transaction. 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 term 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 will be 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 may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property 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 amount 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 that 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.

Rental Property Held for Sale and Discontinued Operations:
When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented.

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 amount 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.

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 VIE (the "primary beneficiary"). Generally, the consideration of whether an entity is a VIE applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (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 the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest.

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 amount of the investment over the value of the investment. The Company's estimates of value for each investment (particularly in commercial 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.

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

Construction services revenue includes fees earned and reimbursements received by the Company for providing construction management and general contractor services to clients. Construction services revenue is recognized on the percentage of completion method. Using this method, profits are recorded on the basis of our estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is accrued based upon estimates of the percentage of completion of the construction contract. This revenue recognition method involves inherent risks relating to profit and cost estimates. Real estate services revenue includes property management, facilities management, leasing commission fees and other services, and payroll and related costs reimbursed from clients. Other income includes income from parking spaces leased to tenants, income from tenants for additional services arranged for the Company and income from tenants for early lease terminations.

Allowance for Doubtful Accounts:
Management periodically performs a detailed review of amounts due from tenants to determine if accounts receivable balances are impaired based on factors affecting the collectability of those balances. 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 year ended December 31, 2009 (“2009”), as compared to the year ended December 31, 2008 (“2008”), and for 2008, as compared to the year ended December 31, 2007 (“2007”), make reference to the following: (i) the effect of the “Same-Store Properties,” which represent all in-service properties owned by the Company at December 31, 2007, (for the 2009 versus 2008 comparison) and which represent all in-service properties owned by the Company at December 31, 2006, (for the 2008 versus 2007 comparison), excluding properties sold or held for sale through December 31, 2008; and (ii) the effect of the “Acquired Properties,” which represent all properties acquired by the Company, commencing initial operations or initially consolidated by the Company from January 1, 2008 through December 31, 2009 (for the 2009 versus 2008 comparison) and which represent all properties acquired by the Company or commencing initial operation from January 1, 2007 through December 31, 2008 (for the 2008 versus 2007 comparison).

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

(dollars in thousands)	Year Ended December 31, 2009	2008	Dollar Change	Percent Change
Revenue from rental operations and other:				
Base rents	$615,839	$593,898	$21,941	3.7 %
Escalations and recoveries from tenants	103,887	109,690	(5,803)	(5.3)
Other income	13,530	20,214	(6,684)	(33.1)
Total revenues from rental operations	733,256	723,802	9,454	1.3
Property expenses:				
Real estate taxes	93,998	88,001	5,997	6.8
Utilities	71,545	84,227	(12,682)	(15.1)
Operating services	111,449	107,616	3,833	3.6
Total property expenses	276,992	279,844	(2,852)	(1.0)
Non-property revenues:				
Construction services	21,910	40,680	(18,770)	(46.1)
Real estate services	9,359	13,487	(4,128)	(30.6)
Total non-property revenues	31,269	54,167	(22,898)	(42.3)
Non-property expenses:				
Direct construction costs	20,323	37,649	(17,326)	(46.0)
General and administrative	39,807	43,984	(4,177)	(9.5)
Depreciation and amortization	202,543	194,635	7,908	4.1
Impairment charge on rental property	16,563	--	16,563	100.0
Total non-property expenses	279,236	276,268	2,968	1.1
Operating income	208,297	221,857	(13,560)	(6.1)
Other (expense) income:				
Interest expense	(141,273)	(128,145)	(13,128)	(10.2)
Interest and other investment income	571	1,385	(814)	(58.8)
Equity in earnings (loss) of unconsolidated joint ventures	(5,560)	(39,752)	34,192	86.0
Gain on sale of investment in marketable securities	--	471	(471)	(100.0)
Gain on reduction of other obligations	1,693	9,063	(7,370)	(81.3)
Total other (expense) income	(144,569)	(156,978)	12,409	7.9
Income from continuing operations	63,728	64,879	(1,151)	(1.8)
Net income	63,728	64,879	(1,151)	(1.8)
Noncontrolling interest in consolidated joint ventures	943	664	279	42.0
Noncontrolling interest in Operating Partnership	(10,103)	(11,817)	1,714	14.5
Preferred stock dividends	(2,000)	(2,000)	--	--
Net income available to common shareholders	$52,568	$51,726	$842	1.6 %

The following is a summary of the changes in revenue from rental operations and property expenses in 2009 as compared to 2008 divided into Same-Store Properties and Acquired Properties (dollars in thousands):

	Total Company		Same-Store Properties		Acquired Properties	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations:						
Base rents	$ 21,941	3.7%	$ (4,445)	(0.8)%	$ 26,386	4.5%
Escalations and recoveries from tenants	(5,803)	(5.3)	(7,689)	(7.0)	1,886	1.7
Other income	(6,684)	(33.1)	(6,797)	(33.6)	113	0.5
Total	$ 9,454	1.3%	$ (18,931)	(2.6)	$ 28,385	3.9%
Property expenses:						
Real estate taxes	$ 5,997	6.8%	$ 2,703	3.1%	$ 3,294	3.7%
Utilities	(12,682)	(15.1)	(14,781)	(17.5)	2,099	2.4
Operating services	3,833	3.6	(612)	(0.6)	4,445	4.2
Total	$ (2,852)	(1.0)%	$ (12,690)	(4.5)%	$ 9,838	3.5%
OTHER DATA:						
Number of Consolidated Properties	268		255		13	
Square feet (in thousands)	30,946		29,245		1,701	

Base rents for the Same-Store Properties decreased $4.4 million, or 0.8 percent, for 2009 as compared to 2008, due primarily to decreased occupancy. Escalations and recoveries from tenants for the Same-Store Properties decreased $7.7 million, or 7.0 percent, for 2009 over 2008, due primarily to lower operating and utility expenses in 2009, as compared to 2008. Other income for the Same-Store Properties decreased $6.8 million, or 33.6 percent, due primarily to a decrease in lease breakage income for 2009 as compared to 2008.

Real estate taxes on the Same-Store Properties increased $2.7 million, or 3.1 percent, for 2009 as compared to 2008, due primarily to real estate tax refunds received in 2008. Utilities for the Same-Store Properties decreased $14.8 million, or 17.5 percent, for 2009 as compared to 2008, due primarily to lower electric rates and usage in 2009 as compared to 2008. Operating services for the Same-Store Properties decreased $0.6 million, or 0.6 percent, due primarily to a decrease in property insurance, partially offset by an increase in snow removal costs in 2009 as compared to 2008.

Construction services revenue decreased $18.8 million, or 46.1 percent, in 2009 as compared to 2008, due to lesser activity in 2009. Real estate services revenues decreased by $4.1 million, or 30.6 percent, for 2009 as compared to 2008, due primarily to decreases in management fee income of $1.8 million, salary reimbursements of $1.4 million, and commissions income of $0.7 million.

Direct construction costs decreased $17.3 million, or 46.0 percent, in 2009 as compared to 2008, due primarily to lesser activity in 2009.

General and administrative decreased by $4.2 million, or 9.5 percent, for 2009 as compared to 2008 due primarily to decreases in professional fees and state taxes.

Depreciation and amortization increased by $7.9 million, or 4.1 percent, for 2009 over 2008. This increase was due primarily to the Acquired Properties.

In 2009, the Company incurred $16.6 million in impairment charge on rental property.

Interest expense increased $13.1 million, or 10.2 percent, for 2009 as compared to 2008. This increase was primarily as a result of higher average interest rates on outstanding debt and capitalizing less interest on development projects in 2009 as compared to 2008.

Interest and other investment income decreased $0.8 million, or 58.8 percent, for 2009 as compared to 2008. This decrease was due primarily to lower interest rates on invested cash and cash equivalents for 2009 as compared to 2008.

Equity in earnings of unconsolidated joint ventures increased $34.2 million, or 86.0 percent, for 2009 as compared to 2008. The increase was due primarily to the recording of the Company's share of the venture's impairment charges in 2008 of $27.1 million in the Mack-Gale-Green/Gramercy venture, and $11.9 million in the Boston-Downtown Crossing joint venture, partially offset by the write-off in 2009 of the Company's investment in the Route 93 Portfolio venture for an increased loss of $3.2 million in 2009.

The Company recognized a gain on sale of investments in marketable securities of $0.5 million in 2008.

The Company had a gain on reduction of other obligations of $1.7 million on account of the expiration of the Assumed Obligations in 2009, as well as, a gain on reduction of other obligations of $9.1 million in 2008 due to a change in the Company's estimates of payables under its remaining assumed lease obligations.

Income from continuing operations decreased to $63.7 million in 2009 from approximately $64.9 million in 2008. The decrease of $1.2 million was due to the factors discussed above.

Net income available to common shareholders increased by $0.8 million, or 1.6 percent, from $51.7 million in 2008 to approximately $52.5 million in 2009. The increase was primarily the result of a decrease in income allocated to noncontrolling interest in Operating Partnership of approximately $1.7 million and an increase in losses allocated to noncontrolling interest in consolidated joint ventures of $0.3 million for 2009 as compared to 2008. These were offset by a decrease in income from continuing operations of $1.2 million.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

(dollars in thousands)	Year Ended December 31, 2008	2007	Dollar Change	Percent Change
Revenue from rental operations:				
Base rents	$593,898	$575,463	$18,435	3.2 %
Escalations and recoveries from tenants	109,690	104,781	4,909	4.7
Other income	20,214	22,070	(1,856)	(8.4)
Total revenues from rental operations	723,802	702,314	21,488	3.1
Property expenses:				
Real estate taxes	88,001	90,895	(2,894)	(3.2)
Utilities	84,227	73,072	11,155	15.3
Operating services	107,616	106,946	670	0.6
Total property expenses	279,844	270,913	8,931	3.3
Non-property revenues:				
Construction services	40,680	88,066	(47,386)	(53.8)
Real estate services	13,487	17,970	(4,483)	(24.9)
Total non-property revenues	54,167	106,036	(51,869)	(48.9)
Non-property expenses:				
Direct constructions costs	37,649	85,179	(47,530)	(55.8)
General and administrative	43,984	52,162	(8,178)	(15.7)
Depreciation and amortization	194,635	183,564	11,071	6.0
Total non-property expenses	276,268	320,905	(44,637)	(13.9)
Operating Income	221,857	216,532	5,325	2.5
Other (expense) income:				
Interest expense	(128,145)	(126,672)	(1,473)	(1.2)
Interest and other investment income	1,385	4,670	(3,285)	(70.3)
Equity in earnings (loss) of unconsolidated joint ventures	(39,752)	(5,918)	(33,834)	(571.7)
Gain on sale of investment in marketable securities	471	--	471	100.0
Gain on reduction of other obligations	9,063	--	9,063	100.0
Total other (expense) income	(156,978)	(127,920)	(29,058)	(22.7)
Income from continuing operations	64,879	88,612	(23,733)	(26.8)
Discontinued operations:				
Income (loss) from discontinued operations	--	1,297	(1,297)	(100.0)
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	44,414	(44,414)	(100.0)
Total discontinued operations, net	--	45,711	(45,711)	(100.0)
Net income	64,879	134,323	(69,444)	(51.7)
Noncontrolling interest in consolidated joint ventures	664	643	21	3.3
Noncontrolling interest in Operating Partnership	(11,817)	(16,126)	4,309	26.7
Noncontrolling interest in discontinued operations	--	(8,374)	8,374	100.0
Preferred stock dividends	(2,000)	(2,000)	--	--

Net income available to common shareholders	$51,726	$108,466	$(56,740)	(52.3)%

The following is a summary of the changes in revenue from rental operations and property expenses in 2008 as compared to 2007 divided into Same-Store Properties and Acquired Properties (dollars in thousands):

	Total Company		Same-Store Properties		Acquired Properties	
	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations:						
Base rents	$ 18,435	3.2%	$ 7,882	1.4%	$ 10,553	1.8%
Escalations and recoveries from tenants	4,909	4.7	1,639	1.6	3,270	3.1
Other income	(1,856)	(8.4)	(1,896)	(8.5)	40	0.1
Total	$ 21,488	3.1%	$ 7,625	1.1%	$ 13,863	2.0%
Property expenses:						
Real estate taxes	$ (2,894)	(3.2)%	$ (4,745)	(5.2)%	$ 1,851	2.0%
Utilities	11,155	15.3	10,625	14.5	530	0.8
Operating services	670	0.6	(2,287)	(2.1)	2,957	2.7
Total	$ 8,931	3.3%	$ 3,593	1.3%	$ 5,338	2.0%
OTHER DATA:						
Number of Consolidated Properties	255		251		4	
Square feet (in thousands)	29,245		28,532		713	

Base rents for the Same-Store Properties increased $7.9 million, or 1.4 percent, for 2008 as compared to 2007, due primarily to increased rental rates at certain properties in 2008 as compared to 2007. Escalations and recoveries from tenants for the Same-Store Properties increased $1.6 million, or 1.6 percent, for 2008 over 2007, due primarily to an increase in amounts recovered from tenants resulting from higher utility expenses in 2008. Other income for the Same-Store Properties decreased $1.9 million, or 8.5 percent, due primarily to a decrease in lease termination fees of $0.7 million and garage rental fees of $0.4 million for 2008 as compared to 2007.

Real estate taxes on the Same-Store Properties decreased $4.7 million, or 5.2 percent, for 2008 as compared to 2007, due primarily to reduced assessments and real estate tax refunds on certain properties in 2008, as compared to 2007. Utilities for the Same-Store Properties increased $10.6 million, or 14.5 percent, for 2008 as compared to 2007, due primarily to increased electric rates in 2008 as compared to 2007. Operating services for the Same-Store Properties decreased $2.3 million, or 2.1 percent, due primarily to decreases in snow removal costs of $0.9 million, property insurance expense of $0.9 million, property management salaries and related labor costs of $0.7 million, in 2008 as compared to 2007.

Construction services revenue decreased $47.4 million, or 53.8 percent, in 2008 as compared to 2007, due to lesser activity in 2008 at The Gale Company and its related businesses. Real estate services revenues decreased by $4.5 million, or 24.9 percent, for 2008 as compared to 2007, due primarily to decreases in management fee income of $2.0 million, commissions income of $1.3 million, and salary reimbursements of $1.0 million.

Direct construction costs decreased $47.5 million, or 55.8 percent, in 2008 as compared to 2007, due primarily to lesser activity of The Gale Company and its related businesses.

General and administrative decreased by $8.2 million, or 15.7 percent, for 2008 as compared to 2007 due primarily to decreases in salaries and related expenses of $4.9 million, state tax expenses of $2.3 million and professional fees of $1.3 million for 2008 as compared to 2007.

Depreciation and amortization increased by $11.1 million, or 6.0 percent, for 2008 over 2007. Of this increase, $3.8 million, or 2.1 percent, was attributable to the Same-Store Properties and $7.3 million, or 3.9 percent, was due to the Acquired Properties.

Interest expense increased $1.5 million, or 1.2 percent, for 2008 as compared to 2007. This increase was primarily as a result of higher average debt balances in 2008 as compared to 2007, partially offset by lower interest rates in 2008 as compared to 2007.

Interest and other investment income decreased $3.3 million, or 70.3 percent, for 2008 as compared to 2007. This decrease was due primarily to lower cash balances invested in 2008.

Equity in earnings of unconsolidated joint ventures decreased $33.8 million, or 571.7 percent, for 2008 as compared to 2007. The decrease was due primarily to the Company's share of the venture's recording of impairment charges of $27.1 million in the Mack-Green joint venture, and $11.9 million in the Boston-Downtown Crossing's joint venture. These were partially offset by increased income in 2008 of $1.6 million in the Harborside South Pier joint venture, a decreased operating loss of $1.4 million in the Mack-Green joint venture, a decreased loss of $1.1 million in the Route 93 joint venture, increased income of $0.6 million in the Gale Kimball joint venture, and a decreased loss of $0.5 million in the Ramland Realty joint venture in 2008 as compared to 2007.

The Company recognized a gain on sale of investments in marketable securities of $0.5 million in 2008.

The Company recognized a gain on reduction of other obligations of $9.1 million in 2008 due to a change in the Company's current estimates of payables under its remaining assumed lease obligations.

Income from continuing operations decreased to $64.9 million in 2008 from approximately $88.6 million in 2007. The decrease of $23.7 million was due to the factors discussed above.

Net income available to common shareholders decreased by $56.7 million, or 52.3 percent, from approximately $108.4 million in 2007 to $51.7 million in 2008. This decrease was primarily the result of realized gains on disposition of rental property of $44.4 million in 2007, a decrease in income from continuing operations before noncontrolling interest in Operating Partnership of $23.7 million and a decrease in income from discontinued operations of approximately $1.3 million as compared to 2007. These were partially offset by a noncontrolling interest in discontinued operations of $8.4 million in 2007 and a decrease in income allocated to noncontrolling interest in Operating Partnership of $4.3 million for 2008 as compared to 2007.

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 and other debt and equity financings.

The Company believes that with the general downturn in the Company's markets in recent years, it is reasonably likely that vacancy rates may continue to increase, effective rental rates on new and renewed leases may continue to decrease and tenant installation costs, including concessions, may continue to increase in most or all of its markets in 2010 and possibly beyond. As a result of the potential negative effects on the Company's revenue from the overall reduced demand for office space, the Company's cash flow could be insufficient to cover increased tenant installation costs over the short-term. If this situation were to occur, the Company expects that it would finance any shortfalls through borrowings under its revolving credit facility and other debt and equity financings.

The Company expects to meet its short-term liquidity requirements generally through its working capital, 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, proceeds from property sales, 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.

Financial markets have recently experienced unusual volatility and uncertainty. Liquidity has tightened in all financial markets, including the debt and equity markets. The Company's ability to fund property acquisitions or development projects, as well as its ability to repay or refinance debt maturities could be adversely affected by an inability to secure financing at reasonable terms, if at all. While the Company currently does not expect any difficulties, it is possible, in these unusual and uncertain times, that one or more lenders in the Company's revolving credit facility could fail to fund a borrowing request. Such an event could adversely affect the ability of the Company to access funds from its revolving credit facility when needed.

If current economic conditions persist or deteriorate, the Company may experience increases in past due accounts, defaults, lower occupancy rates and reduced effective rents. This condition would negatively affect the Company's future net income and cash flows and could have a material adverse effect on the Company's financial condition.

Construction Projects:
Sanofi-Aventis U.S. Inc. ("Sanofi"), which occupies neighboring buildings in Bridgewater, New Jersey, exercised its option to cause 55 Corporate Drive II LLC, to construct a building on its vacant, developable land and has signed a lease for the building. The lease has a term of fifteen years, subject to three five-year extension options. The construction of the 205,000 square foot building commenced in 2009 and is expected to be delivered to the tenant in January 2011. The total estimated costs of the project are expected to be approximately $50.9 million (of which the

Company has incurred $19.7 million through December 31, 2009). As of April 29, 2009, the Company owns 100 percent of 55 Corporate Partners L.L.C. after acquiring the remaining 50 percent interest from SLG Gale 55 Corporate LLC.

The Company is obligated to acquire from an entity (the “Florham Entity”) whose beneficial owners include Stanley C. Gale and Mark Yeager, an executive officer of the Company, a 50 percent interest in a venture which owns a developable land parcel in Florham Park, New Jersey (the “Florham Park Land”) for a maximum purchase price of up to $10.5 million, subject to reduction based on developable square feet approved and other conditions, with the completion of such acquisition subject to the Florham Entity obtaining final development permits and approvals and related conditions necessary to allow for office development expected to be 600,000 square feet. In the event the acquisition of the Florham Park Land does not close by May 9, 2010, subject to certain conditions, the Florham Entity will be obligated to pay certain deferred costs and an additional $1 million to the Company at that time.

REIT Restrictions:
To maintain its qualification as a REIT under the Code, the Company 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 Company intends to continue to make regular quarterly distributions to its common stockholders. Based upon the most recently paid quarterly common stock dividend of $0.45 per common share, in the aggregate, such distributions would equal approximately $142.1 million on an annualized basis. However, any such distribution, whether for federal income tax purposes or otherwise, would be paid out of (a) 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, and (b) for distributions declared on or before December 31, 2012 with respect to a taxable year ending on or before December 31, 2011, our stock, as permitted pursuant to Internal Revenue Service Revenue Procedure 2010-12, 2010-3 I.R.B. Under this Revenue Procedure, we are permitted to make taxable distributions of our stock (in lieu of cash) if (x) any such distribution is declared on or before December 31, 2012 with respect to a taxable year ending on or before December 31, 2011, and (y) each of our stockholders is permitted to elect to receive its entire entitlement under such declaration in either cash or shares of equivalent value subject to a limitation in the amount of cash to be distributed in the aggregate; provided that (i) the amount of cash that we set aside for distribution is not less than 10 percent of the aggregate distribution so declared, and (ii) if too many of our stockholders elect to receive cash, a pro rata amount of cash will be distributed to each such stockholder electing to receive cash, but in no event will any such stockholder receive less than its entire entitlement under such declaration.

Property Lock-Ups:
The Company may not dispose of or distribute certain of its properties, currently comprising 11 properties with an aggregate net book value of approximately $199.8 million, 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 does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses 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 do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is 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 expire periodically through 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; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Martin S. Berger, director; Robert F. Weinberg, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, director, and John J. Cali, a former director). As of December 31, 2009, 126 of the Company's properties, with an aggregate net book value of approximately $1.8 billion, have lapsed restrictions and are subject to these conditions.

Unencumbered Properties:
As of December 31, 2009, the Company had 236 unencumbered properties, totaling 24.3 million square feet, representing 78.6 percent of the Company's total portfolio on a square footage basis.

Credit Ratings:
The Company has three investment grade credit ratings. Standard & Poor's Rating Services ("S&P") and Fitch, Inc. ("Fitch") have each assigned their BBB rating to existing and prospective senior unsecured debt of the Operating Partnership and their BB+ rating to existing and prospective preferred stock offerings of the Company. Moody's

Investors Service ("Moody's") has assigned its Baa2 rating to existing and prospective senior unsecured debt of the Operating Partnership and its Baa3 rating to existing and prospective preferred stock offerings of the Company.

Cash Flows

Cash and cash equivalents increased by $269.4 million to $291.0 million at December 31, 2009, compared to $21.6 million at December 31, 2008. This increase is comprised of the following net cash flow items:

(1) $294.7 million provided by operating activities.

(2) $80.1 million used in investing activities, consisting primarily of the following:

(a) $77.8 million used for additions to rental property; minus
(b) $6.3 million used for investments in unconsolidated joint ventures; minus
(c) $11.4 million received from repayments of notes receivable; plus
(d) $8.0 million received from restricted cash.

(3) $54.8 million provided by financing activities, consisting primarily of the following:

(a) $337.0 million from borrowings under the revolving credit facility; plus
(b) $274.8 million from proceeds received from a Common Stock offering; plus
(c) $246.2 million from proceeds received from senior unsecured notes; minus
(d) $498.0 million used for repayments of borrowings under the Company's unsecured credit facility; minus
(e) $199.7 million used for repayment of senior unsecured notes; minus
(f) $173.3 million used for payments of dividends and distributions; minus
(g) $11.5 million used for repayments of mortgages, loans payable and other obligations.

Debt Financing

Summary of Debt:
The following is a breakdown of the Company's debt consisting of all fixed rate financing as of December 31, 2009:

	Balance ($000's)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt and Other Obligations	$1,582,434	67.70%	6.37%	4.10
Fixed Rate Secured Debt	755,003	32.30%	7.09%	5.98
Totals/Weighted Average:	$2,337,437	100.00%	6.61%	4.70

(a) No variable-rate borrowings as of December 31, 2009.

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Debt Maturities:
Scheduled principal payments and related weighted average annual interest rates for the Company's debt as of December 31, 2009 are as follows:

Period	Scheduled Amortization ($000's)	Principal Maturities ($000's)	Total ($000's)	Weighted Avg. Interest Rate of Future Repayments (a)
2010	$ 8,155	$334,500	$342,655	5.31 %
2011	9,217	300,000	309,217	7.92 %
2012	9,968	210,148	220,116	6.21 %
2013	9,515	145,223	154,738	5.37 %
2014	8,553	335,257	343,810	6.83 %
Thereafter	40,360	961,381	1,001,741	6.99 %
Sub-total	85,768	2,286,509	2,372,277	
Adjustment for unamortized debt discount/premium and mark-to-market, net, as of December 31, 2009	(34,840)	--	(34,840)	--
Totals/Weighted Average	$ 50,928	$2,286,509	$2,337,437	6.61 %

(a) No variable-rate borrowings were outstanding as of December 31, 2009.

Senior Unsecured Notes:
On August 14, 2009, the Operating Partnership completed the sale of $250 million face amount of 7.750 percent senior unsecured notes due August 15, 2019 with interest payable semi-annually in arrears. The net proceeds from the issuance of approximately $246.2 million, after underwriting discount, were used for general corporate purposes.

The terms of the Company's senior unsecured notes (which totaled approximately $1.6 billion as of December 31, 2009) 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 Revolving Credit Facility:
The Company has an unsecured revolving credit facility with a borrowing capacity of $775 million (expandable to $800 million). The facility matures in June 2011, with an extension option of one year, which would require a payment of 15 basis points of the then borrowing capacity of the facility upon exercise. In addition, the interest rate on outstanding borrowings (not electing the Company's competitive bid feature) is LIBOR plus 55 basis points at the BBB/Baa2 pricing level. As of February 8, 2010, the Company had no outstanding borrowings under its unsecured revolving credit facility.

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 the current LIBOR plus 55 basis point spread. The Company may also elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The unsecured facility also requires a 15 basis point facility fee on the current borrowing capacity payable quarterly in arrears.

The interest rate and the facility fee are subject to adjustment, on a sliding scale, based upon the operating partnership's unsecured debt ratings. In the event of a change in the Operating Partnership's unsecured debt rating, the interest and facility fee rates will be adjusted in accordance with the following table:

Operating Partnership's Unsecured Debt Ratings: S&P Moody's/Fitch (a)	Interest Rate – Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3/BBB-	100.0	25.0
BBB-/Baa3/BBB-	75.0	20.0
BBB/Baa2/BBB (current)	55.0	15.0
BBB+/Baa1/BBB+	42.5	15.0
A-/A3/A- or higher	37.5	12.5

(a) If the Operating Partnership has debt ratings from two rating agencies, one of which is Standard & Poor's Rating Services ("S&P") or Moody's Investors Service ("Moody's"), the rates per the above table shall be based on the lower of such ratings. If the Operating Partnership has debt ratings from three rating agencies, one of which is S&P or Moody's, the rates per the above table shall be based on the lower of the two highest ratings. If the Operating Partnership has debt ratings from only one agency, it will be considered to have no rating or less than BBB-/Baa3/BBB- per the above table.

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of 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, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property interest coverage and certain investment limitations. The dividend restriction referred to above provides that, if an event of default has occurred and is continuing, the Company will not make any excess distributions with respect to common stock or other common equity interests except to enable the Company to continue to qualify as a REIT under the Code.

The lending group for the credit facility consists of: JPMorgan Chase Bank, N.A., as administrative agent (the "Agent"); Bank of America, N.A., as syndication agent; Scotiabanc, Inc., Wachovia Bank, National Association, and Wells Fargo Bank, National Association, as documentation agents; SunTrust Bank, as senior managing agent; US Bank National Association, Citicorp North America, Inc. and PNC Bank, National Association, as managing agents; and Bank of China, New York Branch, The Bank of New York; Chevy Chase Bank, F.S.B., The Royal Bank of Scotland PLC, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. (successor by merger to UFJ Bank Limited), North Fork Bank, Bank Hapoalim B.M., Comerica Bank, Chang Hwa Commercial Bank, Ltd., New York Branch, First Commercial Bank, New York Agency, Mega International Commercial Bank Co. Ltd., New York Branch, Deutsche Bank Trust Company Americas and Hua Nan Commercial Bank, New York Agency, as participants.

Money Market Loan:
The Company entered into an agreement with JPMorgan Chase Bank to participate in a noncommitted money market loan program ("Money Market Loan"). The Money Market Loan is an unsecured borrowing of up to $75 million arranged by JPMorgan Chase Bank ("the lender") with maturities of 30 days or less. The rate of interest on the Money Market Loan borrowing is set at the time of each borrowing. As of December 31, 2009, the Company had no

outstanding borrowings under its Money Market Loan program.

Mortgages, Loans Payable and Other Obligations:
The Company has 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.

On January 27, 2009, the Company obtained $64.5 million in mortgage financing from Guardian Life Insurance Company of America. The two mortgage loans, which are collateralized by one and three office properties located in Clark and Red Bank, New Jersey, respectively, both bear interest at a net effective rate of 7.31 percent per annum and carry a 10-year term.

On June 30, 2009, the Company obtained $17.0 million in mortgage financing from Valley National Bank. The mortgage loan, which is collateralized by an office property in Woodbridge, New Jersey, is for a 25-year term and bears interest at an effective rate of 6.94 percent per annum through the end of the 10th year. The coupon interest rate will be reset at the end of year 10 and year 20 at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates, with a minimum rate of 6.875 percent.

On January 15, 2010, the Company refinanced its $150 million secured loan with The Prudential Insurance Company of America. The new loan also includes VPCM, LLC, a wholly-owned subsidiary of the Virginia Retirement System, as co-lender. The mortgage loan, which is collateralized by seven properties, is for a seven-year term and carries an interest rate of 6.25 percent.

Debt Strategy:
The Company does not intend to reserve funds to retire the Company's senior unsecured notes 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 February 8, 2010, the Company had no outstanding borrowings under its $775 million unsecured revolving credit facility and under the Money Market Loan. The Company is reviewing various refinancing options, including the purchase of its senior unsecured notes in privately-negotiated transactions, the issuance of additional, or exchange of current, unsecured debt, common and preferred stock, and/or obtaining additional mortgage debt, some or all of which may be completed during 2010. The Company currently anticipates that its available cash and cash equivalents and cash flows from operating activities, together with cash available from borrowings and other sources, will be adequate to meet the Company's capital and liquidity needs in the short term. However, if these sources of funds are insufficient or unavailable, due to current economic conditions or otherwise, 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:
On May 6, 2009 the Company completed a public offering of 11,500,000 shares of Common Stock and used the net proceeds, which totaled approximately $274.8 million (after offering costs), to repay borrowings under its unsecured revolving credit facility.

The following table presents the changes in the Company's issued and outstanding shares of Common Stock and the Operating Partnership's common units from December 31, 2008 to December 31, 2009:

	Common Stock	Common Units	Total
Outstanding at December 31, 2008	66,419,055	14,437,731	80,856,786
Common Stock Offering	11,500,000	--	11,500,000
Stock options exercised	18,917	--	18,917
Common units redeemed for Common Stock	942,695	(942,695)	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	8,748	--	8,748
Restricted shares issued, net of cancellations	80,337	--	80,337

Outstanding at December 31, 2009	78,969,752	13,495,036	92,464,788

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Share Repurchase Program:
The Company has a share repurchase program which was authorized by its Board of Directors in September 2007 to purchase up to $150 million of the Company'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 December 31, 2009, the Company has a remaining authorization under the Repurchase Program of $46 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 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 5.5 million shares of the Company's common stock reserved for issuance under the DRIP.

Shelf Registration Statements:
The Company 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 Company, under which $287.5 million of securities have been sold through February 8, 2010 and $1.7 billion remains available for future issuances.

The Company 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 Company and debt securities of the Operating Partnership, under which $250 million of securities have been sold as of February 8, 2010 and $2.25 billion remains available for future issuances.

Off-Balance Sheet Arrangements

Unconsolidated Joint Venture Debt:
The debt of the Company's unconsolidated joint ventures are generally 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 also posted a $6.3 million letter of credit in support of the Harborside South Pier joint venture, half of which is indemnified by Hyatt Corporation, the Company's joint venture partner.

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 and other agreements as of December 31, 2009:

	Payments Due by Period					
		Less than 1	1 – 3	4 – 5	6 – 10	After 10
(dollars in thousands)	Total	Year	Years	Years	Years	Years

Senior unsecured notes	$2,050,318	$259,332	$636,152	$431,590	$723,244	--
Mortgages, loans payable and other obligations	1,061,159	218,772	113,382	227,093	480,924	$20,988
Payments in lieu of taxes (PILOT)	57,523	4,294	12,991	8,807	25,046	6,385
Ground lease payments	36,538	502	1,506	1,065	2,176	31,289
Total	$3,205,538	$482,900	$764,031	$668,555	$1,231,390	$58,662

Inflation

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

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,” “should,” “expec “anticipate,” “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, including the impact of the general economic recession as it impacts the national and local economies, which in turn may have a negative effect on the fundamentals of our business and the financial condition of our tenants;
- 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 office, office/flex and industrial/warehouse properties;
- changes in interest rate levels and volatility in the security markets;
- changes in operating costs;
- our ability to obtain adequate insurance, including coverage for terrorist acts;
- 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 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. We assume no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

ITEM 7A.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The Company's long-term debt bears interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt.

December 31, 2009 Debt, including current portion ($'s in thousands)	2010	2011	2012	2013	2014	Thereafter	Sub-total	Other (a)	Total	Fair Value
Fixed Rate	$342,655	$309,217	$220,116	$154,738	$343,810	$1,001,741	$2,372,277	$(34,840)	$2,337,437	$2,353,092
Average Interest Rate	5.31%	7.92%	6.21%	5.37%	6.83%	6.99%			6.61%	--

(a) Adjustment for unamortized debt discount/premium and mark-to-market, net, as of December 31, 2009.

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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of the Company and the Report of PricewaterhouseCoopers LLP, together with the notes to the Consolidated Financial Statements of the Company, and the Consolidated Financial Statements of Mack-Green-Gale LLC and the Report of the Cornerstone Accounting Group LLP, together with the notes to the Consolidated Financial Statements of Mack-Green-Gale LLC, each as set forth in the index in Item 15: Exhibits and Financial Statements are filed under this Item 8: Financial Statements and Supplementary Data and are incorporated herein by reference.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company'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 Company's chief executive officer and chief financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

Management's Report on Internal Control Over Financial Reporting. Internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, is a process designed by, or under the supervision of, the Company's chief executive officer and chief financial officer, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has established and maintained policies and procedures designed to maintain the adequacy of the Company's internal control over financial reporting, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2009 based on the criteria established in a report entitled Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment and those criteria, the Company's management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes In Internal Control Over Financial Reporting. There have not been any changes in the Company'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 fourth fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 will be set forth in the Company's definitive proxy statement for its annual meeting of shareholders expected to be held on May 25, 2010, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 will be set forth in the Company's definitive proxy statement for its annual meeting of shareholders expected to be held on May 25, 2010, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 will be set forth in the Company's definitive proxy statement for its annual meeting of shareholders expected to be held on May 25, 2010, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 will be set forth in the Company's definitive proxy statement for its annual meeting of shareholders expected to be held on May 25, 2010, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 will be set forth in the Company's definitive proxy statement for its annual meeting of shareholders expected to be held on May 25, 2010, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. All Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2009 and 2008

Consolidated Statements of Operations for the Years Ended December 31, 2009, 2008 and 2007

Consolidated Statements of Changes in Equity for the Years Ended December 31, 2009, 2008 and 2007

Consolidated Statements of Cash Flows for the Years Ended December 31, 2009, 2008 and 2007

Notes to Consolidated Financial Statements

(a) 2. Financial Statement Schedules

(i) Mack-Cali Realty Corporation:

Schedule III – Real Estate Investments and Accumulated Depreciation as of December 31, 2009

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

(ii) Mack-Green-Gale LLC:

Mack-Green-Gale LLC met the conditions of a significant subsidiary under Rule 1-02(w) of Regulation S-X for the fiscal year ended December 31, 2008 and was consolidated by the Company as of April 29, 2009. The following financial statements of Mack-Green-Gale LLC for the periods indicated are being filed pursuant to Rule 3-09 of Regulation S-X.

Mack-Green-Gale LLC and Subsidiaries Consolidated Balance Sheets at December 31, 2008 and 2007 and Consolidated Statements of Operations, Changes in Members' Capital and Cash Flows for the years ended December 31, 2008 and 2007 and for the period from May 9, 2006 (Commencement of Operations) through December 31, 2006, including the report of independent registered public accounting firm (filed as Exhibit 99.1 to this Annual Report on Form 10-K)

Mack-Green-Gale LLC and Subsidiaries Consolidated Balance Sheet at April 28, 2009 and Consolidated Statements of Operations, Changes in Members' Capital and Cash Flows for the period January 1, 2009 through April 28, 2009 (Date of Consolidation) (unaudited) (filed as Exhibit 99.2 to this Annual Report on Form 10-K)

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

(a) 3. Exhibits

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Mack-Cali Realty Corporation and its subsidiaries (collectively, the "Company") at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Controls Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 16 to the consolidated financial statements, the Company changed the manner in which it accounts for noncontrolling interests in subsidiaries in 2009.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 10, 2010

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

	December 31,	
ASSETS	2009	2008
Rental property		
Land and leasehold interests	$771,794	$731,086
Buildings and improvements	3,948,509	3,792,186
Tenant improvements	456,547	431,616
Furniture, fixtures and equipment	9,358	8,892
	5,186,208	4,963,780
Less – accumulated depreciation and amortization	(1,153,223)	(1,040,778)
Net investment in rental property	4,032,985	3,923,002
Cash and cash equivalents	291,059	21,621
Investments in unconsolidated joint ventures	35,680	138,495
Unbilled rents receivable, net	119,469	112,524
Deferred charges and other assets, net	213,674	212,422
Restricted cash	20,681	12,719
Accounts receivable, net of allowance for doubtful accounts of $2,036 and $2,319	8,089	23,139
Total assets	$4,721,637	$4,443,922
LIABILITIES AND EQUITY		
Senior unsecured notes	$1,582,434	$1,533,349
Revolving credit facility	--	161,000
Mortgages, loans payable and other obligations	755,003	531,126
Dividends and distributions payable	42,109	52,249
Accounts payable, accrued expenses and other liabilities	106,878	119,451
Rents received in advance and security deposits	54,693	54,406
Accrued interest payable	37,330	32,978
Total liabilities	2,578,447	2,484,559
Commitments and contingencies		
Equity:		
Mack-Cali Realty Corporation stockholders' equity:		
Preferred stock, $0.01 par value, 5,000,000 shares authorized, 10,000 and 10,000 shares outstanding, at liquidation preference	25,000	25,000
Common stock, $0.01 par value, 190,000,000 shares authorized, 78,969,752 and 66,419,055 shares outstanding	789	664
Additional paid-in capital	2,275,716	1,905,386
Dividends in excess of net earnings	(470,047)	(386,587)
Total Mack-Cali Realty Corporation stockholders' equity	1,831,458	1,544,463
Noncontrolling interests in subsidiaries:		
Operating Partnership	308,703	414,114
Consolidated joint ventures	3,029	786
Total noncontrolling interests in subsidiaries	311,732	414,900

Total equity	2,143,190	1,959,363
Total liabilities and equity	$4,721,637	$4,443,922

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

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

	Year Ended December 31,		
REVENUES	2009	2008	2007
Base rents	$615,839	$593,898	$575,463
Escalations and recoveries from tenants	103,887	109,690	104,781
Construction services	21,910	40,680	88,066
Real estate services	9,359	13,487	17,970
Other income	13,530	20,214	22,070
Total revenues	764,525	777,969	808,350
EXPENSES			
Real estate taxes	93,998	88,001	90,895
Utilities	71,545	84,227	73,072
Operating services	111,449	107,616	106,946
Direct construction costs	20,323	37,649	85,179
General and administrative	39,807	43,984	52,162
Depreciation and amortization	202,543	194,635	183,564
Impairment charge on rental property	16,563	--	--
Total expenses	556,228	556,112	591,818
Operating income	208,297	221,857	216,532
OTHER (EXPENSE) INCOME			
Interest expense	(141,273)	(128,145)	(126,672)
Interest and other investment income	571	1,385	4,670
Equity in earnings (loss) of unconsolidated joint ventures	(5,560)	(39,752)	(5,918)
Gain on reduction of other obligations	1,693	9,063	--
Gain on sale of investment in marketable securities	--	471	--
Total other (expense) income	(144,569)	(156,978)	(127,920)
Income from continuing operations	63,728	64,879	88,612
Discontinued operations:			
Income from discontinued operations	--	--	1,297
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	--	44,414
Total discontinued operations, net	--	--	45,711
Net income	63,728	64,879	134,323
Noncontrolling interest in consolidated joint ventures	943	664	643
Noncontrolling interest in Operating Partnership	(10,103)	(11,817)	(16,126)
Noncontrolling interest in discontinued operations	--	--	(8,374)
Preferred stock dividends	(2,000)	(2,000)	(2,000)
Net income available to common shareholders	$52,568	$51,726	$108,466
Basic earnings per common share:			
Income from continuing operations	$0.71	$0.79	$1.06
Discontinued operations	--	--	0.56
Net income available to common shareholders	$0.71	$0.79	$1.62
Diluted earnings per common share:			

Income from continuing operations	$0.71	$0.79	$1.06
Discontinued operations	--	--	0.55
Net income available to common shareholders	$0.71	$0.79	$1.61
Basic weighted average shares outstanding	74,318	65,489	67,026
Diluted weighted average shares outstanding	88,389	80,648	82,500

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

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

	Preferred Stock		Common Stock		Additional	Dividends in	Accumulated Other	Noncontrolling Interests		
	Shares	Amount	Shares	Par Value	Paid-In Capital	Excess of Net Earnings	Comprehensive Income (Loss)	in Subsidiaries	Total Equity	Comprehensive Income
Balance at January 1, 2007	10	$25,000	62,925	$629	$1,708,053	$(205,775)	--	$482,220	$2,010,127	--
Net income	--	--	--	--	--	110,466	--	23,857	134,323	$134,323
Preferred stock dividends	--	--	--	--	--	(2,000)	--	--	(2,000)	--
Common stock dividends	--	--	--	--	--	(172,212)	--	--	(172,212)	--
Common unit distributions	--	--	--	--	--	--	--	(38,788)	(38,788)	--
Common unit offering	--	--	--	--	--	--	--	5,243	5,243	--
Common stock offering	--	--	4,650	47	251,685	--	--	--	251,732	--
Increase in noncontrolling interests	--	--	--	--	--	--	--	(59)	(59)	--
Redemption of common units for common stock	--	--	472	5	14,618	--	--	(14,623)	--	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	7	--	311	--	--	--	311	-- --
Stock options exercised	--	--	133	1	3,801	--	--		3,802	--
Stock option expense	--	--	--	--	132	--	--	--	132	--
Comprehensive Gain (Loss):										
Unrealized holding gain (loss) on marketable securities available for sale	--	--	--	--	--	--	$(47)	--	(47)	(47)

Directors Deferred comp. plan	--	--	--	--	323	--	--		323	--
Issuance of restricted stock	--	--	113	1	2,851	--	--	--	2,852	--
Stock Compensation	--	--	--	--	3,487	--	--	--	3,487	--
Repurchase of common stock	--	--	(2,742)	(27)	(98,794)	--	--	--	(98,821)	--
Balance at December 31, 2007	10	$25,000	65,558	$656	$1,886,467	$(269,521)	$(47)	$457,850	$2,100,405	$134,276
Net income	--	--	--	--	--	53,726	--	11,153	64,879	64,879
Preferred stock dividends	--	--	--	--	--	(2,000)	--		(2,000)	--
Common stock dividends	--	--	--	--	--	(168,792)	--	--	(168,792)	--
Common unit distributions	--	--	--	--	--	--	--	(37,891)	(37,891)	--
Increase in noncontrolling interests	--	--	--	--	--	--	--	36	36	--
Redemption of common units for common stock	--	--	547	5	16,243	--	--	(16,248)	--	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	10	--	319	--	--	--	319	-- --
Stock options exercised	--	--	82	--	2,311	--	--	--	2,311	--
Comprehensive Gain: Unrealized holding gain on marketable securities available for sale	--	--	--	--	--	--	518	--	518	518
Directors Deferred comp. plan	--	--	--	--	388	--	--		388	--
Issuance of restricted stock	--	--	375	3	1,965	--	--	--	1,968	--
Cancellation of restricted stock	--	--	(2)	--	(60)		--	--	(60)	--
Stock Compensation	--	--	--	2	2,949	--	--		2,951	--
	--	--	(151)	(2)	(5,196)	--	--		(5,198)	--

Repurchase of common stock										
Reclassification adjustment for for realized gain included in net income	--	--	--	--	--	--	(471)	--	(471)	(471)
Balance at December 31, 2008	10	$25,000	66,419	$664	$1,905,386	$(386,587)	--	$414,900	$1,959,363	$64,926
Net income	--	--	--	--	--	54,568	--	9,160	63,728	63,728
Preferred stock dividends	--	--	--	--	--	(2,000)	--	--	(2,000)	--
Common stock dividends	--	--	--	--	--	(136,028)	--	--	(136,028)	--
Common unit distributions	--	--	--	--	--	--	--	(25,100)	(25,100)	--
Common stock offering	--	--	11,500	115	274,711	--	--	--	274,826	--
Increase in noncontrolling interests	--	--	--	--	--	--	--	3,186	3,186	--
Redemption of common units for common stock	--	--	943	9	24,109	--	--	(24,118)	--	--
Shares issued under Dividend Reinvestment and Stock Purchase Plan	--	--	9	--	207	--	--	--	207	-- --
Stock options exercised	--	--	19	--	504	--	--	--	504	--
Directors Deferred comp. plan	--	--	--	--	407	--	--	--	407	--
Issuance of restricted stock	--	--	83	1	1,973	--	--	--	1,974	--
Cancellation of restricted stock	--	--	(3)	--	(149)	--	--	--	(149)	
Stock Compensation	--	--	--	--	2,272	--	--	--	2,272	--
Rebalancing of ownership percent between parent and subsidiaries	--	--	--	--	66,296	--	--	(66,296)	--	
Balance at December 31, 2009	10	$25,000	78,970	$789	$2,275,716	$(470,047)	--	$311,732	$2,143,190	$63,728

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

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

	Year Ended December 31,		
CASH FLOWS FROM OPERATING ACTIVITIES	2009	2008	2007
Net income	$63,728	$64,879	$134,323
Adjustments to reconcile net income to net cash provided by Operating activities:			
Depreciation and amortization, including related intangible assets	196,597	188,729	179,705
Depreciation and amortization on discontinued operations	--	--	424
Amortization of stock compensation	2,272	2,951	3,619
Amortization of deferred financing costs and debt discount	2,730	2,873	2,808
Equity in (earnings) loss of unconsolidated joint venture, net	5,560	39,752	5,918
Gain on sale of investment in marketable securities	--	(471)	--
Gain on reduction of other obligations	(1,693)	(9,063)	--
(Realized gains) unrealized losses on disposition of rental property	--	--	(44,414)
Impairment charge on rental property	16,563	--	--
Distributions of cumulative earnings from unconsolidated joint ventures	2,637	5,784	1,875
Changes in operating assets and liabilities:			
Increase in unbilled rents receivable, net	(6,859)	(4,636)	(7,490)
Decrease (increase) in deferred charges and other assets, net	403	(20,324)	(20,665)
Decrease (increase) in accounts receivable, net	14,880	13,266	(8,766)
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(4,267)	(8,950)	6,532
(Decrease) increase in rents received in advance and security deposits	(1,570)	2,414	6,020
Increase (decrease) in accrued interest payable	3,705	(1,215)	87
Net cash provided by operating activities	$294,686	$275,989	$259,976
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to rental property and related intangibles	$(77,767)	$(91,734)	$(382,742)
Repayment of notes receivable	11,441	166	159
Investment in unconsolidated joint ventures	(6,327)	(7,779)	(29,017)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	518	4,565	992
Proceeds of sale of investment in unconsolidated joint venture	--	--	575
Proceeds from sales of rental property and service company	--	--	57,204
Purchase of marketable securities available for sale	--	--	(4,884)
Proceeds from the sale of available for sale securities	--	5,355	--
(Increase) decrease in restricted cash	(7,962)	894	1,835
Net cash used in investing activities	$(80,097)	$(88,533)	$(355,878)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings from revolving credit facility	$337,000	$1,137,100	$539,000
Repayment of revolving credit facility and money market loans	(498,000)	(1,226,100)	(434,000)
Proceeds from senior unsecured notes	246,238	--	--
Repayments of senior unsecured notes	(199,724)	(100,276)	--
Proceeds from mortgages and loans payable	81,500	240,000	--

Repurchase of common stock	--	(5,198)	(98,821)
Repayment of mortgages, loans payable and other obligations	(11,462)	(28,903)	(29,038)
Payment of financing costs	(2,766)	(952)	(1,797)
Proceeds from offering of common stock	274,826	--	251,732
Proceeds from stock options exercised	504	2,311	3,802
Payment of dividends and distributions	(173,267)	(208,533)	(211,483)
Net cash provided by (used in) financing activities	$54,849	$(190,551)	$19,395
Net increase (decrease) in cash and cash equivalents	$269,438	$(3,095)	$(76,507)
Cash and cash equivalents, beginning of period	21,621	24,716	101,223
Cash and cash equivalents, end of period	$291,059	$21,621	$24,716

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

MACK-CALI REALTY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively, the “Company”), is a fully-integrated, self-administered, self-managed real estate investment trust (“REIT”) providing leasing, management, acquisition, development, construction and tenant-related services for its properties and third parties. As of December 31, 2009, the Company owned or had interests in 289 properties plus developable land (collectively, the “Properties”). The Properties aggregate approximately 33.2 million square feet, which are comprised of 277 buildings, primarily office and office/flex buildings totaling approximately 32.8 million square feet (which include 20 buildings, primarily office buildings aggregating approximately 2.2 million square feet owned by unconsolidated joint ventures in which the Company has investment interests), six industrial/warehouse buildings totaling approximately 387,400 square feet, two retail properties totaling approximately 17,300 square feet, 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 five states, primarily in the Northeast, plus the District of Columbia.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include all accounts of the Company, its majority-owned and/or controlled subsidiaries, which consist principally of Mack-Cali Realty, L.P. (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.

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company evaluated subsequent events through February 10, 2010, the date these financial statements were available to be issued. Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

On July 1, 2009, the Financial Accounting Standards Board (“FASB”) issued the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, also known as FASB Accounting Standards Codification (“ASC”) 105-10, General Accepted Accounting Principles, (“ASC 105-10”). ASC 105-10 establishes the FASB Accounting Standards Codification (“Codification”) as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other nongrandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative. Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification. GAAP was not intended to be changed as a result of the FASB’s Codification project, but it will change the way the guidance is organized and presented. The Company has implemented the Codification in this annual report by providing references to the Codification topics, as appropriate.

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. Pursuant to the Company's adoption of the authoritative guidance on business combinations, effective January 1, 2009, 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. Included in total rental property is construction, tenant improvement and development in-progress of $107,226,000 and $143,010,000 (including land of $69,438,000 and $70,709,000) as of December 31, 2009 and 2008, 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 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, 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 exceed the purchase consideration of a transaction. 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 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 term 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 real estate properties held for use may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property 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 amount 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 that 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.

Rental Property Held for Sale and Discontinued Operations

When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the estimated net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented. See Note 7: Discontinued Operations.

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 amount 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.

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 VIE (the "primary beneficiary"). Generally, the consideration of whether an entity is a VIE applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (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 the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest.

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 amount of the investment over the value of the investment. The Company's estimates of value for each investment (particularly in commercial 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. See Note 4: Investments in Unconsolidated Joint Ventures.

Cash and Cash Equivalents All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Marketable Securities The Company classifies its marketable securities among three categories: held-to-maturity, trading and available-for-sale. Unrealized holding gains and losses relating to available-for-sale securities are excluded from earnings and reported as other comprehensive income (loss) in equity until realized. A decline in the market value of any held-to-maturity marketable security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. Any impairment would be charged to earnings and a new cost basis for the security established.

The fair value of the marketable securities is determined using level I inputs under ASC 820, Fair Value Measurements and Disclosures. Level I inputs represent quoted prices available in an active market for identical investments as of the reporting date

The Company received approximately $65,000 in dividend income from its holdings in marketable securities during the year ended December 31, 2008. During the year ended December 31, 2008, the Company disposed of its marketable securities for aggregate net proceeds of $5.4 million and realized a gain of $471,000.

Deferred

Financing Costs	Costs incurred in obtaining financing are capitalized and amortized over the term of the related indebtedness. Amortization of such costs is included in interest expense and was $2,730,000, $2,873,000 and $2,808,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

Deferred Leasing Costs Costs incurred in connection with leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Company are compensated for providing leasing services to the Properties. The portion of such compensation, which is capitalized and amortized, approximated $3,725,000, $3,690,000 and $4,132,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

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 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 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 term 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. Construction services revenue includes fees earned and reimbursements received by the Company for providing construction management and general contractor services to clients. Construction services revenue is recognized on the percentage of completion method. Using this method, profits are recorded on the basis of estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is accrued based upon estimates of the percentage of completion of the construction contract. This revenue recognition method involves inherent risks relating to profit and cost estimates. Real estate services revenue includes property management, facilities management, leasing commission fees and other services, and payroll and related costs reimbursed from clients. Other income includes income from parking spaces leased to tenants, income from tenants for additional services arranged for by the Company and income from tenants for early lease terminations.

Allowance for Doubtful Accounts Management periodically performs a detailed review of amounts due from tenants to determine if accounts receivable balances are impaired based on factors affecting the collectability of those balances. 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 Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company generally will not be subject to corporate federal income tax (including alternative minimum tax) on net income that it currently distributes to its shareholders, provided that the Company satisfies certain organizational and operational requirements including the requirement to distribute at least 90 percent of its REIT taxable income to its shareholders. 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. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The Company is subject to certain state and local taxes.

The Company adopted the amended provisions related to uncertain tax provisions of ASC 740, Income Taxes, on January 1, 2007. As a result of the implementation of the guidance, 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 December 31, 2009, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations is from the year 2005 forward.

Earnings Per Share The Company presents both basic and diluted earnings per share ("EPS"). Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount.

Dividends and Distributions Payable The dividends and distributions payable at December 31, 2009 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (78,969,858 shares), and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (13,495,036 common units) for all such holders of record as of January 6, 2010 with respect to the fourth quarter 2009. The fourth quarter 2009 preferred stock dividends of $50.00 per share, common stock dividends and common unit distributions of $0.45 per common share and unit were approved by the Board of Directors on December 8, 2009. The common stock dividends, common unit distributions and preferred stock dividends payable were paid on January 15, 2010.

The dividends and distributions payable at December 31, 2008 represents dividends payable to preferred shareholders (10,000 shares) and common shareholders (66,419,764 shares), and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (14,437,731 common units) for all such holders of record as of January 6, 2009 with respect to the fourth quarter 2008. The fourth quarter 2008 preferred stock dividends of $50.00 per share, common stock dividends and common unit distributions of $0.64 per common share and unit were approved by the Board of Directors on December 9, 2008. The common stock dividends and common unit distributions payable were paid on January 12, 2009. The preferred stock dividends payable were paid on January 15, 2009.

The Company has determined that the $1.99 dividend per common share paid during the year ended December 31, 2009 represented approximately 93 percent ordinary income and approximately 7 percent return of capital to its stockholders; the $2.56 dividend per common share paid during the year ended December 31, 2008 represented approximately 81 percent ordinary income, approximately 18 percent return of capital and approximately one percent capital gain to its stockholders; and the $2.56 dividend per common share paid during the year ended December 31, 2007 represented approximately 80 percent ordinary income and approximately 20 percent capital gain to its stockholders.

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 options and restricted stock awards granted prior to 2002 using the intrinsic value method prescribed in the previously existing accounting guidance on accounting for stock issued to employees. Under this guidance, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted closing market price of the Company's stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized under the Company's stock option plans for the granting of stock options made prior to 2002. Restricted stock awards granted prior to 2002 are valued at the vesting dates of such awards with compensation cost for such awards recognized ratably over the vesting period.

In 2002, the Company adopted the provisions of ASC 718, Compensation-Stock Compensation. In 2006, the Company adopted the amended guidance, which did not have a material effect on the Company's financial position and results of operations. These provisions require that the estimated fair value of restricted stock ("Restricted Stock Awards") and stock options at the grant date be amortized ratably into expense over the appropriate vesting period. The Company recorded stock expense of $4,097,000, $4,870,000 and $6,470,000 for the years ended December 31, 2009, 2008 and 2007, respectively.

Other Comprehensive Income Other comprehensive income (loss) includes items that are recorded in equity, such as unrealized holding gains or losses on marketable securities available for sale.

3. REAL ESTATE TRANSACTIONS

On March 1, 2009, the Company placed in service a 249,409 square-foot, class A office building, which is fully leased through August 2024. The building is located in the Mack-Cali Business Campus in Parsippany, New Jersey.

On April 29, 2009, the Company acquired SL Green's interests in the Mack-Green-Gale LLC and subsidiaries ("Mack-Green") and 55 Corporate Partners, LLC ("55 Corporate") joint ventures (the "SL Green Transactions") for $5 million. As a result, the Company owns 100 percent of Mack-Green and 55 Corporate. Concurrent with the SL Green Transactions, the loan agreement with an affiliate of Gramercy Capital Corporation ("Gramercy") on six office properties indirectly owned by Mack-Green was restructured providing Gramercy with the power to control the activities that are most important to the properties' economic performance. At the time of the restructuring, the estimated fair value of the six properties was less than the aggregate carrying amount of the non-recourse mortgage loans.

As a result of the SL Green Transactions and the agreement with Gramercy, as of April 29, 2009, the Company began consolidating 11 office properties, aggregating approximately 1.5 million square feet, owned and controlled by Mack-Green, and a pre-leased 205,000 square foot office development project owned and controlled by 55 Corporate. The Company also has retained a non-controlling interest in entities that own 100 percent of six office properties, aggregating 786,198 square feet, which were previously indirectly owned by Mack-Green. The consolidated properties' aggregate acquisition amounts were allocated as follows: $43.0 million to land and leasehold interests, $150.1 million to buildings and improvements, $14.3 million to tenant improvements, $43.7 million to deferred lease costs and other lease intangibles, net, $13.1 million to other assets acquired (including cash and accounts receivable) and $156.8 million to liabilities (including mortgage debt with a fair market value of approximately $151.1 million), as well as an allocation to noncontrolling interests in consolidated joint ventures of $3.2 million. There was no contingent consideration associated with the acquisition. See "Mack-Green-Gale LLC" and "55 Corporate Partners, LLC" under Note 4: Investments in Unconsolidated Joint Ventures for further discussion on the transactions.

The Company's office property located at 105 Challenger Road in Ridgefield Park, New Jersey, aggregating 150,000 square feet, is collateral for a mortgage loan scheduled to mature on June 30, 2010 with a balance of $19.4 million at December 31, 2009. As of December 31, 2009, the Company estimated that the carrying value of the property may not be recoverable over its anticipated holding period. In order to reduce the carrying value of the property to its estimated fair market value, the Company recorded an impairment charge of $16.6 million at December 31, 2009.

4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

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, and except as otherwise indicated below.

PLAZA VIII AND IX ASSOCIATES, L.L.C.

Plaza VIII and IX Associates, L.L.C. is a joint venture between the Company and Columbia Development Company, L.L.C. ("Columbia"). The venture was formed to acquire land for future development, located on the Hudson River waterfront in Jersey City, New Jersey, adjacent to the Company's Harborside Financial Center office complex. The Company and Columbia each hold a 50 percent interest in the venture. Among other things, the partnership agreement provides for a preferred return on the Company's invested capital in the venture, in addition to the Company's proportionate share of the venture's profit, as defined in the agreement. The venture owns undeveloped land currently used as a parking facility.

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

On August 20, 1998, the Company entered into a 50/50 joint venture with S.B. New York Realty Corp. to form Ramland Realty Associates L.L.C. The venture was formed to own, manage and operate One Ramland Road, a 232,000 square foot office/flex building and adjacent developable land, located in Orangeburg, New York. In August 1999, the joint venture completed redevelopment of the property and placed the office/flex building in service. The venture recorded an impairment loss of approximately $4.3 million on its rental property as of December 31, 2007. On December 31, 2008, the venture transferred the deed to the lender in satisfaction of its obligations, including its mortgage with a balance of $14.7 million, and recorded a gain on the disposal of its office property of $7.5 million.

The Company performed management, leasing and other services for the property when owned by the joint venture and recognized $57,000 and $63,000 in fees for such services for the years ended December 31, 2008 and 2007, respectively.

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SOUTH PIER AT HARBORSIDE – HOTEL DEVELOPMENT

On November 17, 1999, the Company entered into a joint venture with Hyatt Corporation ("Hyatt") to develop a 350-room hotel on the South Pier at Harborside Financial Center, Jersey City, New Jersey, which was completed and commenced initial operations in July 2002. The Company owns a 50 percent interest in the venture.

The venture has a mortgage loan with a balance as of December 31, 2009 of $67.2 million collateralized by the hotel property. The loan carries an interest rate of 6.15 percent and matures in November 2016. The venture has a loan with a balance as of December 31, 2009 of $6.3 million with the City of Jersey City, provided by the U.S. Department of Housing and Urban Development. The loan currently bears interest at fixed rates ranging from 6.09 percent to 6.62 percent and matures in August 2020. The Company has posted a $6.3 million letter of credit in support of this loan, half of which is indemnified by Hyatt.

RED BANK CORPORATE PLAZA L.L.C./RED BANK CORPORATE PLAZA II, L.L.C.

On March 23, 2006, the Company entered into a joint venture with The PRC Group ("PRC") to form Red Bank Corporate Plaza L.L.C. The venture was formed to develop Red Bank Corporate Plaza, a 92,878 square foot office building located in Red Bank, New Jersey. The property is fully leased to Hovnanian Enterprises, Inc. through September 30, 2017. The Company holds a 50 percent interest in the venture. PRC contributed the vacant land for the development of the office building as its initial capital in the venture. The Company funded the costs of development up to the value of the land contributed by PRC of $3.5 million as its initial capital.

On October 20, 2006, the venture entered into a $22.0 million construction loan with a commercial bank collateralized by the land and development project. The loan (with a balance as of December 31, 2009 of $20.8 million), carried an interest rate of LIBOR plus 130 basis points through March 2008. In April 2008, the interest rate was reduced to LIBOR plus 125 basis points and the maturity was extended to April 2010. The loan currently has a one-year extension option subject to certain conditions, which requires payment of a fee.

In September 2007, the joint venture completed development of the property and placed the office building in service. The Company performs management, leasing and other services for the property owned by the joint venture and recognized $92,600, $128,000 and $678,000 in fees for such services during the years ended December 31, 2009, 2008 and 2007, respectively.

On July 20, 2006, the Company entered into a second joint venture agreement with PRC to form Red Bank Corporate Plaza II L.L.C. The venture was formed to hold land able to accommodate an 18,561 square foot office building located in Red Bank, New Jersey. The Company holds a 50 percent interest in the venture. The terms of the venture are similar to Red Bank Corporate Plaza L.L.C. PRC contributed the vacant land as its initial capital in the venture. On January 26, 2010, the venture sold its vacant land for approximately $1.7 million.

MACK-GREEN-GALE LLC/GRAMERCY AGREEMENT

On May 9, 2006, the Company entered into a joint venture, Mack-Green-Gale LLC and subsidiaries ("Mack-Green"), with SL Green, pursuant to which Mack-Green held an approximate 96 percent interest in and acted as general partner of Gale SLG NJ Operating Partnership, L.P. (the "OPLP"). The Company's acquisition cost for its interest in Mack-Green was approximately $125 million, which was funded primarily through borrowing under the Company's revolving credit facility. At the time, the OPLP owned 100 percent of entities ("Property Entities") which owned 25 office properties (the "OPLP Properties") which aggregated 3.5 million square feet (consisting of 17 office properties aggregating 2.3 million square feet located in New Jersey and eight properties aggregating 1.2 million square feet located in Troy, Michigan). In December 2007, the OPLP sold its eight properties located in Troy, Michigan for $83.5 million. The venture recognized a loss of approximately $22.3 million from the sale.

As defined in the Mack-Green operating agreement, the Company shared decision-making equally with SL Green regarding: (i) all major decisions involving the operations of Mack-Green; and (ii) overall general partner responsibilities in operating the OPLP.

The Mack-Green operating agreement generally provided for profits and losses to be allocated as follows:

(i) 99 percent of Mack-Green's share of the profits and losses from 10 specific OPLP Properties allocable to the Company and one percent allocable to SL Green;
(ii) one percent of Mack-Green's share of the profits and losses from eight specific OPLP Properties and its minor interest in four office properties allocable to the Company and 99 percent allocable to SL Green; and
(iii) 50 percent of all other profits and losses allocable to the Company and 50 percent allocable to SL Green.

Substantially all of the OPLP Properties were encumbered by mortgage loans with an aggregate outstanding principal balance of $276.3 million at March 31, 2009. $185.0 million of the mortgage loans bore interest at a weighted average fixed interest rate of 6.26 percent per annum and matured at various times through May 2016.

Six of the OPLP Properties (the “Portfolio Properties”) were encumbered by $90.3 million of mortgage loans which bore interest at a floating rate of LIBOR plus 275 basis points per annum and were scheduled to mature in May 2009. The floating rate mortgage loans were provided to the six entities which owned the Portfolio Properties (collectively, the “Portfolio Entities”) by Gramercy, which was a related party of SL Green. Based on the venture’s anticipated holding period pertaining to the Portfolio Properties, the venture believed that the carrying amounts of these properties may not have been recoverable at December 31, 2008. Accordingly, as the venture determined that its carrying value of these properties exceeded the estimated fair value, it recorded an impairment charge of approximately $32.3 million as of December 31, 2008.

On April 29, 2009, the Company acquired the remaining interests in Mack-Green from SL Green. As a result, the Company owns 100 percent of Mack-Green. Additionally, on April 29, the mortgage loans with Gramercy on the Portfolio Properties (the “Gramercy Agreement”) were modified to provide for, among other things, interest to accrue at the current rate of LIBOR plus 275 basis point per annum, with the interest pay rate capped at 3.15 percent per annum. Under the Gramercy Agreement, the payment of debt service is subordinate to the payment of operating expenses. Interest at the pay rate is payable only out of funds generated by the Portfolio Properties and only to the extent that the Portfolio Properties’ operating expenses have been paid, with any accrued unpaid interest above the pay rate serving to increase the balance of the amounts due at the termination of the agreement. Any excess funds after payment of debt service generally will be escrowed and available for future capital and leasing costs, as well as to cover future cash flow shortfalls, as appropriate. The Gramercy Agreement terminates on May 9, 2011. Approximately six months in advance of the end of the term of the Gramercy Agreement, the Portfolio Entities are to provide estimates of each property’s fair market value (“FMV”). Gramercy has the right to accept or reject the FMV. If Gramercy rejects the FMV, Gramercy must market the property for sale in cooperation with the Portfolio Entities and must approve the ultimate sale. However, Gramercy has no obligation to market a Portfolio Property if the FMV is less than the allocated amount due, including accrued, unpaid interest. If any Portfolio Property is not sold, the Portfolio Entities have agreed to give a deed in lieu of foreclosure, unless the FMV was equal to or greater than the allocated amount due for such Portfolio Property, in which case they can elect to have that Portfolio Property released by paying the FMV. If Gramercy accepts the FMV, the Portfolio Property will be released from the Gramercy Agreement upon payment of the FMV. Under the direction of Gramercy, the Company continues to perform management, leasing, and construction services for the Portfolio Properties at market terms. The Portfolio Entities have a participation interest which provides for sharing 50 percent of any amount realized in excess of the allocated amounts due for each Portfolio Property.

As the Company acquired SL Green’s interests in Mack-Green, the Company owns 100 percent of Mack-Green and is consolidating Mack-Green as of the closing date. Mack-Green, in turn, has been and will continue consolidating the OPLP as Mack-Green’s approximate 96 percent, general partner ownership interest in the OPLP remained unchanged as of the closing date. Additionally, as of the closing date, the OPLP continues to consolidate its Property Entities which own 11 office properties aggregating 1.5 million square feet as its 100-percent ownership and rights regarding these entities were unchanged in the transaction. The OPLP will not be consolidating the Portfolio Entities that own six office properties, aggregating 786,198 square feet, as the Gramercy Agreement is considered a reconsideration event under the provisions of the authoritative guidance on consolidation and accordingly, the Portfolio Entities were deemed to be variable interest entities for which the OPLP was not considered the primary beneficiary based on the Gramercy Agreement as described above. As a result of the SLG Transactions, the Company has an unconsolidated joint venture interest in the Portfolio Properties.

In connection with these transactions, at the closing date, the Company also acquired the remaining 50 percent interest in 55 Corporate Partners L.L.C. from an affiliate of SL Green (see “55 Corporate Partners, LLC” below).

The Company performs management, leasing, and construction services for properties owned by the unconsolidated joint ventures and recognized $2.3 million, $5.2 million and $5.2 million in income (net of $1.1 million, $3.5 million and $3.3 million in direct costs) for such services in the years ended December 31, 2009, 2008 and 2007, respectively.

GE/GALE FUNDING LLC (PFV)

The Gale agreement signed as part of the Gale/Green transactions in May 2006 provides for the Company to acquire certain ownership interests in real estate projects (the "Non-Portfolio Properties"), subject to obtaining certain third party consents and the satisfaction of various project-related and/or other conditions. Each of the Company's acquired interests in the Non-Portfolio Properties provide for the initial distributions of net cash flow solely to the Company, and thereafter an affiliate of Mr. Gale ("Gale Affiliate") has participation rights ("Gale 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 internal rate of return ("IRR") of 10 percent per annum, accruing on the date or dates of the Company's investments.

On May 9, 2006, as part of the Gale/Green transactions, the Company acquired from a Gale Affiliate for $1.8 million a 50 percent controlling interest in GMW Village Associates, LLC ("GMW Village"). GMW Village holds a 20 percent interest in GE/Gale Funding LLC ("GE Gale"). GE Gale owns a 100 percent interest in the entity owning Princeton Forrestal Village, a mixed-use, office/retail complex aggregating 527,015 square feet and located in Plainsboro, New Jersey ("Princeton Forrestal Village" or "PFV").

In addition to the cash consideration paid to acquire the interest, the Company provided a Gale affiliate with the Gale Participation Rights.

The operating agreement of GE Gale, which is owned 80 percent by GEBAM, Inc., provides for, among other things, distributions of net cash flow, initially, in proportion to each member's interest and subject to adjustment upon achievement of certain financial goals, as defined in the operating agreement.

GE Gale has a mortgage loan with a balance of $51.2 million at December 31, 2009. The loan bears interest at a rate of LIBOR plus 275 basis points and matures on January 9, 2011.

The Company performs management, leasing, and other services for PFV and recognized $1.1 million, $881,000 and $1.1 million in income (net of $0, $288,000 and $1.6 million in direct costs) for such services in the years ended December 31, 2009, 2008 and 2007, respectively.

ROUTE 93 MASTER LLC ("Route 93 Participant")/ROUTE 93 BEDFORD MASTER LLC (with the Route 93 Participant, collectively, the "Route 93 Venture")

On June 1, 2006, the Route 93 Venture was formed between the Route 93 Participant, a majority-owned subsidiary of the Company, having a 30 percent interest and the Commingled Pension Trust Fund (Special Situation Property) of JPMorgan Chase Bank having a 70 percent interest, for the purpose of acquiring seven office buildings, aggregating 666,697 square feet, located in the towns of Andover, Bedford and Billerica, Massachusetts. Profits and losses were shared by the partners in proportion to their respective interests until the investment yielded an 11 percent IRR, then sharing shifted to 40/60, and when the IRR reached 15 percent, then sharing shifted to 50/50.

The Route 93 Participant is a joint venture between the Company and a Gale affiliate. Profits and losses were shared by the partners under this venture in proportion to their respective interests (83.3/16.7) until the investment yielded an 11 percent IRR, then sharing shifted to 50/50.

On March 31, 2009, on account of the recent deterioration in the commercial real estate markets in the Boston area, the Company wrote off its investment in the venture and recorded an impairment charge in equity in earnings (loss) of $4.0 million (of which $0.6 million was attributable to noncontrolling interest in consolidated joint ventures) during the period.

The Route 93 Ventures had a mortgage loan with a $44.2 million balance at September 1, 2009 collateralized by its office properties. The loan bore interest at a rate of LIBOR plus 220 basis points and was scheduled to mature on July 11, 2009. On September 2, 2009, the venture transferred the deeds to the lender in satisfaction of its obligations.

Through September 30, 2008, the Company had performed services for Route 93 Master LLC and Route 93 Bedford Master LLC and recognized $45,000 and zero in fees for such services for the years ended December 31, 2008 and 2007, respectively.

GALE KIMBALL, L.L.C.

On June 15, 2006, the Company entered into a joint venture with a Gale Affiliate to form M-C Kimball, LLC ("M-C Kimball"). M-C Kimball was formed for the sole purpose of acquiring a Gale Affiliate's 33.33 percent membership interest in Gale Kimball, L.L.C. ("Gale Kimball"), an entity holding a 25 percent interest in 100 Kimball Drive LLC ("100 Kimball"), which developed and placed in service a 175,000 square foot office property that is leased to a single tenant, located at 100 Kimball Drive, Parsippany, New Jersey (the "Kimball Property").

The operating agreement of M-C Kimball provides, among other things, for the Gale Participation Rights (of which Mark Yeager, an Executive Vice President of the Company, has a direct 26 percent interest).

Gale Kimball is owned 33.33 percent by M-C Kimball and 66.67 percent by the Hampshire Generational Fund, L.L.C. ("Hampshire"). The operating agreement of Gale Kimball provides, among other things, for the distribution of net cash flow, initially, in accordance with its members' respective membership interests and, upon achievement of certain financial conditions, 50 percent to each of the Company and Hampshire.

100 Kimball is owned 25 percent by Gale Kimball and 75 percent by 100 Kimball Drive Realty Member LLC, an affiliate of JPMorgan ("JPM"). The operating agreement of 100 Kimball provides, among other things, for the distributions to be made in the following order:

(i) first, to JPM, such that JPM is provided with an annual 12 percent compound preferred return on Preferred Equity Capital Contributions (as such term is defined in the operating agreement of 100 Kimball and largely comprised of development and construction costs);
(ii) second, to JPM, as return of Preferred Equity Capital Contributions until complete repayment of such Preferred Equity Capital Contributions;
(iii) third, to each of JPM and Gale Kimball in proportion to their respective membership interests until each member is provided, as a result of such distributions, with an annual twelve percent compound return on the Member's Capital Contributions (as defined in the operating agreement of 100 Kimball, and excluding Preferred Equity Capital Contributions, if any); and
(iv) fourth, 50 percent to each of JPM and Gale Kimball.

On September 21, 2007, 100 Kimball obtained a $47 million mortgage loan which bore interest at a rate of 5.95 percent and was scheduled to mature in September 2012. On December 30, 2009 the venture paid the lender $40 million to satisfy the debt and recorded a gain of $7.0 million (of which the Company's share of $579,000 is included in equity in earnings for the year ended December 31, 2009). Concurrently, 100 Kimball obtained a $32 million mortgage loan that bears interest at a rate of LIBOR plus 400 basis points and matures on January 10, 2013 with two one-year extension options, subject to certain conditions and payment of a fee. LIBOR is defined as the greater of (i) 1.50%, and (ii) the rate of interest per annum reported as the thirty day London Interbank Offered Rate.

The Company performs management, leasing, and other services for the property owned by 100 Kimball for which it recognized $234,000, $377,000 and $1.7 million in income (net of $0, $1.0 million and $9.4 million in direct costs) for the years ended December 31, 2009, 2008 and 2007, respectively.

55 CORPORATE PARTNERS, LLC

On June 9, 2006, the Company entered into a joint venture with a Gale Affiliate to form 55 Corporate Partners L.L.C. ("55 Corporate"). 55 Corporate was formed for the sole purpose of acquiring from a Gale Affiliate a 50 percent interest in SLG 55 Corporate Drive II LLC ("SLG 55"), an entity presently holding a 100 percent indirect condominium interest in a vacant land parcel located in Bridgewater, New Jersey, which can accommodate development of an approximately 205,000 square foot office building (the "55 Corporate Property"). The remaining 50 percent in SLG 55 was owned by SLG Gale 55 Corporate LLC, an affiliate of SL Green Realty Corp. ("SLG Gale 55").

In November 2007, Sanofi-Aventis U.S. Inc. (“Sanofi”), which occupied neighboring buildings, exercised its option to cause the venture to construct a building on the Property and has signed a lease thereof. The lease has a term of fifteen years, subject to three five-year extension options. The construction of the building commenced in 2009 and is expected to be delivered to the tenant in January 2011. The total estimated costs of the project are expected to be approximately $50.9 million.

The operating agreement of 55 Corporate provides, among other things, for the Gale Participation Rights (of which Mr. Yeager has a direct 26 percent interest). If Mr. Gale receives any commission payments with respect to the Sanofi lease on the development property, Mr. Gale has agreed to pay to Mr. Yeager 26 percent of such payments.

The operating agreement of SLG 55 provided, among other things, for the distribution of the available net cash flow to each of 55 Corporate and SLG Gale 55 in proportion to their respective membership interests in SLG 55 (50 percent each).

On April 29, 2009, the Company acquired the remaining 50 percent interest in 55 Corporate from SLG Gale 55 Corporate LLC, an affiliate of SL Green. As of the closing date, the Company owns 100 percent of and is consolidating the venture, 50 percent of which remains subject to the Gale Participation Rights. In connection with this transaction, the Company also acquired the remaining interest in Mack-Green from an affiliate of SLG Gale 55 Corporate LLC.

12 VREELAND ASSOCIATES, L.L.C.

On September 8, 2006, the Company entered into a joint venture with a Gale Affiliate to form M-C Vreeland, LLC (“M-C Vreeland”). M-C Vreeland was formed for the sole purpose of acquiring a Gale Affiliate’s 50 percent membership interest in 12 Vreeland Associates, L.L.C., an entity owning an office property located at 12 Vreeland Road, Florham Park, New Jersey.

The operating agreement of M-C Vreeland provides, among other things, for the Gale Participation Rights (of which Mr. Yeager has a direct 15 percent interest).

The office property at 12 Vreeland is a 139,750 square foot office building. The property is subject to a fully-amortizing mortgage loan, which matures on July 1, 2012, and bears interest at 6.9 percent per annum. As of December 31, 2009 the outstanding balance on the mortgage note was $5.0 million.

Under the operating agreement of 12 Vreeland Associates, L.L.C., M-C Vreeland has a 50 percent interest, with S/K Florham Park Associates, L.L.C. (the managing member) and its affiliate holding the other 50 percent.

BOSTON-DOWNTOWN CROSSING

On October 20, 2006, the Company formed a joint venture (the “MC/Gale JV LLC”) with Gale International/426 Washington St. LLC (“Gale/426”), which, in turn, entered into a joint venture (the “Vornado JV LLC”) with VNO 426 Washington Street JV LLC (“Vornado”), an affiliate of Vornado Realty LP, which was formed to acquire and redevelop the Filenes property located in the Downtown Crossing district of Boston, Massachusetts (the “Filenes Property”).

On January 25, 2007, (i) each of M-C/Gale JV LLC, Gale and Washington Street Realty Member LLC (“JPM”) formed a joint venture (“JPM JV LLC”), (ii) M-C/Gale JV LLC assigned its entire 50 percent ownership interest in the Vornado JV LLC to JPM JV LLC, (iii) the Limited Liability Company Agreement of Vornado JV LLC was amended to reflect, among other things, the change in the ownership structure described in subsection (ii) above, and (iv) the Limited Liability Company Agreement of MC/Gale JV LLC was amended and restated to reflect, among other things, the change in the ownership structure described in subsection (ii) above. The Vornado JV LLC acquired the Filenes

Property on January 29, 2007, for approximately $100 million.

On or about September 16, 2008, Vornado JV LLC was reorganized in contemplation of developing and converting the Filenes property into a condominium consisting of a retail unit, an office unit, a parking unit, a hotel unit and a residential unit. Pursuant to this reorganization, (i) the Company and Gale/426 formed a new joint venture ("M-C/Gale JV II LLC") and (ii) M-C/Gale JV II LLC and Washington Street Realty Member II LLC ("JPM II") formed a new joint venture ("JPM JV II LLC") to invest in a new joint venture ("Vornado JV II LLC") with Vornado RTR DC LLC, an affiliate of Vornado Realty, LP ("Vornado II"). Following this reorganization, Vornado JV LLC owns the interests in the retail unit and the office unit (the "Filenes Office/Retail Component") and Vornado JV II LLC owns the interests in the parking unit, the hotel unit and the residential unit ("the "Filenes Hotel/Residential/Parking Component"). In connection with the foregoing, (a) the Limited Liability Company Agreement of Vornado JV LLC, as amended, was amended and restated to reflect, among other things, the change in the ownership structure described above, (b) the Limited Liability Company Agreement of JPM JV LLC was amended and restated to reflect, among other things, the change in the ownership structure described above and (c) the Limited Liability Company Agreement of M-C/Gale JV LLC was amended and restated to reflect, among other things, the change in the ownership structure described above.

As a result of the foregoing transactions, (A) (i) the Filenes Office/Retail Component is owned by Vornado JV LLC, (ii) Vornado JV LLC is owned 50 percent by each of Vornado and JPM JV LLC, (iii) JPM JV LLC is owned 30 percent by M-C/Gale JV LLC, 70 percent by JPM and managed by Gale/426, which has no ownership interest in JPM JV LLC, and (iv) M-C/Gale JV LLC is owned 99.99 percent by the Company and 0.01 percent by Gale/426 and (B) (i) the Filenes Hotel/Residential/Parking Component is owned by Vornado JV II LLC, (ii) Vornado JV II LLC is owned 50 percent by each of Vornado II and JPM JV II LLC, (iii) JPM JV II LLC is owned 30 percent by M-C/Gale JV II LLC, 70 percent by JPM II and managed by Gale/426, which has no ownership interest in JPM JV II LLC, and (iv) M-C/Gale JV II LLC is owned 99.99 percent by the Company and 0.01 percent by Gale/426. Thus, the Company holds approximately a 15 percent indirect ownership interest in each of Vornado JV LLC and Vornado JV II LLC and the Filenes Property.

Distributions are made (i) by Vornado JV LLC in proportion to its members' respective ownership interests, (ii) by JPM JV LLC (a) initially, in proportion to its members' respective ownership interests until JPM's investment yields an 11 percent IRR, (b) thereafter, 60/40 to JPM and MC/Gale JV LLC, respectively, until JPM's investment yields a 15 percent IRR and (c) thereafter, 50/50 to JPM and MC/Gale JV LLC, respectively, and (iii) by MC/Gale JV LLC (w) initially, in proportion to its members' respective ownership interests until each member has received a 10 percent IRR on its investment, (x) thereafter, 65/35 to the Company and Gale/426, respectively, until the Company's investment yields a 15 percent IRR, (y) if by the time the Company receives a 15 percent IRR on its investment, Gale/426 has not done so, 100 percent to Gale/426 until Gale/426's investment yields a 15 percent IRR, and (z) thereafter, 50/50 to each of the Company and Gale/426.

Distributions are made (i) by Vornado JV II LLC in proportion to its members' respective ownership interests, (ii) by JPM JV II LLC (a) initially, in proportion to its members' respective ownership interests until JPM II's investment yields an 11 percent IRR, (b) thereafter, 60/40 to JPM II and M-C/Gale JV II LLC, respectively, until JPM II's investment yields a 15 percent IRR and (c) thereafter, 50/50 to JPM II and M-C/Gale JV II LLC, respectively, and (iii) by M-C/Gale JV II LLC (w) initially, in proportion to its members' respective ownership interests until each member has received a 10 percent IRR on its investment, (x) thereafter, 65/35 to the Company and Gale/426, respectively, until the Company's investment yields a 15 percent IRR, (y) if by the time the Company receives a 15 percent IRR on its investment, Gale/426 has not done so, 100 percent to Gale/426 until Gale/426's investment yields a 15 percent IRR, and (z) thereafter, 50/50 to each of the Company and Gale/426.

The joint venture has suspended its plans for the development of the Filenes Property which was to include approximately 1.2 million square feet consisting of office, retail, condominium apartments, hotel and a parking garage. The project is subject to governmental approvals. The venture recorded an impairment charge of approximately $69.5 million on its development project as of December 31, 2008.

GALE JEFFERSON, L.L.C.

On August 22, 2007, the Company entered into a joint venture with a Gale Affiliate to form M-C Jefferson, L.L.C. ("M-C Jefferson"). M-C Jefferson was formed for the sole purpose of acquiring a Gale Affiliate's 33.33 percent membership interest in Gale Jefferson, L.L.C. ("Gale Jefferson"), an entity holding a 25 percent interest in One Jefferson Road LLC ('One Jefferson"), which developed a 100,000 square foot office property at One Jefferson Road, Parsippany, New Jersey, ("the Jefferson Property"). The property has been fully leased to a single tenant through August 2025.

The operating agreement of M-C Jefferson provides, among other things, for the Gale Participation Rights (of which Mark Yeager, an Executive Vice President of the Company, has a direct 26 percent interest). Gale Jefferson is owned 33.33 percent by M-C Jefferson and 66.67 percent by the Hampshire Generational Fund, L.L.C. ("Hampshire"). The operating agreements of Gale Jefferson provides, among other things, for the distribution of net cash flow, first, in accordance with its member's respective interests until each member is provided, as a result of such distributions, with an annual 12 percent compound return on the Member's Capital Contributions, as defined in the operating agreement and secondly, 50 percent to each of the Company and Hampshire.

One Jefferson has a construction loan in an amount not to exceed $21 million (with a balance of $13.9 million at December 31, 2009), bearing interest at a rate of LIBOR plus 160 basis points and maturing on October 24, 2010 with a one-year extension option, subject to certain conditions and payment of a fee.

The Company performs management, leasing and other services for Gale Jefferson and recognized $190,000, $286,000 and $102,000 in income (net of $646,000, $9.6 million and $4.0 million in direct costs) for such services for the years ended December 31, 2009, 2008 and 2007, respectively.

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the financial position of the unconsolidated joint ventures in which the Company had investment interests as of December 31, 2009 and 2008: (dollars in thousands)

	December 31, 2009										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	Gramercy Agreement	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Bost Downto Cross
Assets:											
Rental property, net	$ 9,560	--	$ 61,836	$ 24,884	$ 73,037	$ 38,722	--	--	--	$ 15,265	
Other assets	997	--	15,483	4,623	8,631	22,034	--	$ 1,992	--	1,068	$ 45,
Total assets	$ 10,557	--	$ 77,319	$ 29,507	$ 81,668	$ 60,756	--	$ 1,992	--	$ 16,333	$ 45,
Liabilities and partners'/members' capital (deficit):											
Mortgages, loans payable and other obligations	--	--	$ 73,553	$ 20,764	$ 90,288	$ 51,186	--	--	--	$ 5,007	
Other liabilities	$ 532	--	4,458	162	2,589	3,928	--	--	--	--	
Partners'/members' capital (deficit)	10,025	--	(692)	8,581	(11,209)	5,642	--	$ 1,992	--	11,326	$ 45,
Total liabilities and partners'/members' capital (deficit)	$ 10,557	--	$ 77,319	$ 29,507	$ 81,668	$ 60,756	--	$ 1,992	--	$ 16,333	$ 45,
Company's investment in unconsolidated joint ventures, net	$ 4,935	--	$ 860	$ 4,104	--	$ 1,211	--	$ 1,259	--	$ 9,599	$ 12,

	December 31, 2008										
	Plaza VIII & IX Associates	Ramland Realty	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12 Vreeland	Bosto Downtov Crossi
Assets:											
Rental property, net	$ 10,173	--	$ 62,462	$ 24,507	$ 326,912	$ 41,058	$ 56,771	--	--	$ 14,598	
Other assets	1,008	$ 20	16,979	4,301	45,391	21,680	495	--	$ 17,896	789	$ 43,5
Total assets	$ 11,181	$ 20	$ 79,441	$ 28,808	$ 372,303	$ 62,738	$ 57,266	--	$ 17,896	$ 15,387	$ 43,5
Liabilities and partners'/members'											

capital (deficit):											
Mortgages, loans payable and other obligations	--	--	$ 74,852	$ 20,416	$ 276,752	$ 52,800	$ 43,541	--	--	$ 7,170	
Other liabilities	$ 531	--	3,950	87	23,805	4,156	985	--	--	--	
Partners'/members' capital (deficit)	10,650	$ 20	639	8,305	71,746	5,782	12,740	--	$ 17,896	8,217	$ 43,5
Total liabilities and partners'/members' capital (deficit)	$ 11,181	$ 20	$ 79,441	$ 28,808	$ 372,303	$ 62,738	$ 57,266	--	$ 17,896	$ 15,387	$ 43,5
Company's investment in unconsolidated joint ventures, net	$ 5,248	--	$ 254	$ 3,929	$ 92,110	$ 1,342	$ 4,024	--	$ 9,068	$ 8,300	$ 13,4

SUMMARIES OF UNCONSOLIDATED JOINT VENTURES

The following is a summary of the results of operations of the unconsolidated joint ventures for the period in which the Company had investment interests during the years ended December 31, 2009, 2008, and 2007: (dollars in thousands)

	Year Ended December 31, 2009										
	Plaza VIII & IX Associates	Ramland Realty/ Other	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G	Gramercy Agreement	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	12I Vreeland
Total revenues	$ 804	--	$ 35,002	$ 3,214	$ 17,582	$ 7,902	$ 12,387	$ 2,153	--	--	$ 2,579
Operating and other	(192)	--	(23,026)	(1,002)	(7,076)	(4,675)	(6,773)	(2,487)	$ 1,659	--	(62)
Depreciation and amortization	(612)	--	(4,215)	(871)	(6,493)	(3,073)	(3,966)	(1,206)	--	--	(1,251)
Interest expense	--	--	(4,592)	(340)	(4,883)	(1,862)	(1,788)	(649)	--	--	(467)
Net income	--	--	$ 3,169	$ 1,001	$ (870)	$ (1,708)	$ (140)	$ (2,189)	$ 1,659	--	$ 799
Company's equity in earnings (loss) of unconsolidated joint ventures	--	--	$ 2,856	$ 463	$ (916)	--	$ (131)	$ (4,354)	$ 648	--	$ 400

	Year Ended December 31, 2008										
	Plaza VIII & IX Associates	Ramland Realty/ Other	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G	Gramercy Agreement	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	121 Vreeland
Total revenues	$ 1,131	$ 9,186	$ 45,783	$ 3,205	$ 51,285	--	$ 12,924	$ 2,770	--	--	$ 2,188
Operating and other	(183)	(1,182)	(26,746)	(906)	(52,213)	--	(8,843)	(3,716)	$ (43)	--	(72)
Depreciation and amortization	(614)	(481)	(4,926)	(631)	(20,433)	--	(5,454)	(1,758)	--	--	(511)
Interest expense	--	(203)	(4,682)	(792)	(17,381)	--	(3,318)	(2,443)	--	--	(509)
Net income	$ 334	$ 7,320	$ 9,429	$ 876	$ (38,742)	--	$ (4,691)	$ (5,147)	$ (43)	--	$ 1,096

Company's equity in earnings (loss) of unconsolidated joint ventures	$ 167	$ 90	$ 4,740	$ 475	$ (32,354)	--	$ (880)	$ (1,154)	$ 455	--	$ 548

	Year Ended December 31, 2007										
	Plaza VIII & IX Associates	Ramland Realty/ Other	Harborside South Pier	Red Bank Corporate Plaza I & II	M-G-G	Gramercy Agreement	Princeton Forrestal Village	Route 93 Portfolio	Gale Kimball	55 Corporate	1[cut] Vreelan[cut]
Total revenues	$ 1,015	$ 1,903	$ 43,952	$ 1,098	$ 52,659	--	$ 12,996	$ 2,522	--	--	$ 2,28[cut]
Operating and other	(174)	(5,795)	(26,706)	(238)	(48,182)	--	(6,529)	(3,593)	$ (512)	--	(65[cut]
Depreciation and amortization	(616)	(727)	(5,929)	(208)	(19,437)	--	(3,785)	(1,652)	--	--	(352[cut]
Interest expense	--	(1,047)	(4,669)	(367)	(21,218)	--	(4,768)	(3,428)	--	--	(663[cut]
Net income	$ 225	$ (5,666)	$ 6,648	$ 285	$ (36,178)	--	$ (2,086)	$ (6,151)	$ (512)	--	$ 1,20[cut]
Company's equity in earnings (loss) of unconsolidated joint ventures	$ 113	$ (322)	$ 3,182	$ 143	$ (6,677)	--	$ (531)	$ (2,236)	$ (180)	--	$ 60[cut]

5. DEFERRED CHARGES AND OTHER ASSETS

(dollars in thousands)	December 31, 2009	2008
Deferred leasing costs	$ 229,725	$ 214,887
Deferred financing costs	26,733	23,723
	256,458	238,610
Accumulated amortization	(119,267)	(104,652)
Deferred charges, net	137,191	133,958
Notes receivable	--	11,443
In-place lease values, related intangible and other assets, net	49,180	33,256
Prepaid expenses and other assets, net	27,303	33,765
Total deferred charges and other assets, net	$ 213,674	$ 212,422

6. RESTRICTED CASH

Restricted cash includes 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)

	December 31, 2009	2008
Security deposits	$ 8,618	$ 8,757
Escrow and other reserve funds	12,063	3,962
Total restricted cash	$ 20,681	$ 12,719

7. DISCONTINUED OPERATIONS

There were no discontinued operations during the years ended December 31, 2009 and 2008.

As the Company sold 1000 Bridgeport in Shelton, Connecticut; 500 West Putnam in Greenwich, Connecticut; and 100 & 200 Decadon in Egg Harbor, New Jersey during the year ended December 31, 2007, the Company has presented these assets as discontinued operations in its statements of operations for the periods presented.

The following table summarizes income from discontinued operations and the related realized gains (losses) and unrealized losses on disposition of rental property, net, for the year ended December 31, 2007: (dollars in thousands)

	Year Ended December 31, 2007
Total revenues	$ 3,881
Operating and other expenses	(1,638)
Depreciation and amortization	(424)
Interest expense (net of interest income)	(522)
Income from discontinued operations before gains (losses) and unrealized losses on disposition of rental property	1,297
Realized gains (losses) and unrealized losses on disposition of rental property, net	44,414
Total discontinued operations, net	45,711
Noncontrolling interest in discontinued operations	(8,374)
Income from discontinued operations available to common shareholders	$37,337

8. SENIOR UNSECURED NOTES

On August 14, 2009, the Operating Partnership completed the sale of $250 million face amount of 7.750 percent senior unsecured notes due August 15, 2019 with interest payable semi-annually in arrears. The net proceeds of approximately $246.2 million, after underwriting discount, were used for general corporate purposes.

A summary of the Company's senior unsecured notes as of December 31, 2009 and 2008 is as follows: (dollars in thousands)

	December 31, 2009	2008	Effective Rate (a)
7.250% Senior Unsecured Notes, due March 15, 2009	--	$ 199,689	7.49%
5.050% Senior Unsecured Notes, due April 15, 2010	$ 149,984	149,929	5.27%
7.835% Senior Unsecured Notes, due December 15, 2010	15,000	15,000	7.95%
7.750% Senior Unsecured Notes, due February 15, 2011	299,814	299,641	7.93%
5.250% Senior Unsecured Notes, due January 15, 2012	99,599	99,404	5.46%
6.150% Senior Unsecured Notes, due December 15, 2012	93,455	92,963	6.89%
5.820% Senior Unsecured Notes, due March 15, 2013	25,751	25,641	6.45%

4.600% Senior Unsecured Notes, due June 15, 2013	99,901	99,872	4.74%
5.125% Senior Unsecured Notes, due February 15, 2014	200,989	201,229	5.11%
5.125% Senior Unsecured Notes, due January 15, 2015	149,533	149,441	5.30%
5.800% Senior Unsecured Notes, due January 15, 2016	200,464	200,540	5.81%
7.750% Senior Unsecured Notes, due August 15, 2019	247,944	--	8.02%
Total Senior Unsecured Notes	$1,582,434	$1,533,349	6.37%

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

9. UNSECURED REVOLVING CREDIT FACILITY

The Company has a $775 million unsecured credit facility (expandable to $800 million) with a group of 23 Lenders. The facility matures in June 2011, with an extension option of one year, which would require a payment of 15 basis points of the then borrowing capacity of the facility upon exercise. The interest rate on outstanding borrowings (not electing the Company's competitive bid feature) is LIBOR plus 55 basis points at the BBB/Baa2 pricing level.

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 the current LIBOR plus 55 basis point spread. The Company may also elect an interest rate representing the higher of the lender's prime rate or the Federal Funds rate plus 50 basis points. The unsecured facility also requires a 15 basis point facility fee on the current borrowing capacity payable quarterly in arrears.

The interest rate and the facility fee are subject to adjustment, on a sliding scale, based upon the Operating Partnership's unsecured debt ratings. In the event of a change in the Operating Partnership's unsecured debt rating, the interest and facility fee rates will be adjusted in accordance with the following table:

Operating Partnership's Unsecured Debt Ratings: S&P Moody's/Fitch (a)	Interest Rate – Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3/BBB-	100.0	25.0
BBB-/Baa3/BBB-	75.0	20.0
BBB/Baa2/BBB (current)	55.0	15.0
BBB+/Baa1/BBB+	42.5	15.0
A-/A3/A- or higher	37.5	12.5

(a) If the Operating Partnership has debt ratings from two rating agencies, one of which is Standard & Poor's Rating Services ("S&P") or Moody's Investors Service ("Moody's"), the rates per the above table shall be based on the lower of such ratings. If the Operating Partnership has debt ratings from three rating agencies, one of which is S&P or Moody's, the rates per the above table shall be based on the lower of the two highest ratings. If the Operating Partnership has debt ratings from only one agency, it will be considered to have no rating or less than BBB-/Baa3/BBB- per the above table.

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of 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, the maximum amount of secured indebtedness, the minimum amount of tangible net worth, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property interest coverage and certain investment limitations. The dividend restriction referred to above provides that, if an event of default has occurred and is continuing, the Company will not make any excess distributions with respect to common stock or other common equity interests except to enable the Company to continue to qualify as a REIT under the Code.

The lending group for the credit facility consists of: JPMorgan Chase Bank, N.A., as administrative agent (the "Agent"); Bank of America, N.A., as syndication agent; Scotiabanc, Inc., Wachovia Bank, National Association; and Wells Fargo Bank, National Association, as documentation agents; SunTrust Bank, as senior managing agent; US Bank National Association, Citicorp North America, Inc.; and PNC Bank National Association, as managing agents; and Bank of China, New York Branch; The Bank of New York; Chevy Chase Bank, F.S.B.; The Royal Bank of Scotland PLC; Mizuho Corporate Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Successor by merger to UFJ Bank Limited); North Fork Bank; Bank Hapoalim B.M.; Comerica Bank; Chang Hwa Commercial Bank, Ltd., New York Branch; First Commercial Bank, New York Agency; Mega International Commercial Bank Co. Ltd., New York Branch; Deutsche Bank Trust Company Americas and Hua Nan Commercial Bank, New York Agency, as participants.

As of December 31, 2009 and 2008, the Company had outstanding borrowings of zero and $161 million, respectively, under its unsecured revolving credit facility.

MONEY MARKET LOAN

The Company has an agreement with JPMorgan Chase Bank to participate in a noncommitted money market loan program ("Money Market Loan"). The Money Market Loan is an unsecured borrowing of up to $75 million arranged by JPMorgan Chase Bank with maturities of 30 days or less. The rate of interest on the Money Market Loan borrowing is set at the time of each borrowing. As of December 31, 2009 and 2008, the Company had no outstanding borrowings under the Money Market Loan.

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. As of December 31, 2009, 32 of the Company’s properties, with a total book value of approximately $1,019,786,000, 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.

On January 27, 2009, the Company obtained $64.5 million in mortgage financing from Guardian Life Insurance Company of America. The two mortgage loans, which are collateralized by one and three office properties located in Clark and Red Bank, New Jersey, respectively, both carry an effective rate of 7.31 percent per annum and carry a 10-year term.

On April 29, 2009, in connection with the SL Green Transactions, the Company consolidated 11 office properties, which are encumbered by mortgage loans with Wachovia CMBS as lender which were recorded at an aggregate amount of approximately $151.1 million at the closing date. The mortgage loans carry an average effective interest rate of 10.66 percent per annum and mature through May 2016.

On June 30, 2009, the Company obtained $17.0 million in mortgage financing from Valley National Bank. The mortgage loan, which is collateralized by an office property in Woodbridge, New Jersey, is for a 25-year term and bears interest at an effective rate of 6.94 percent per annum through the end of the 10th year. The coupon interest rate will be reset at the end of year 10 and year 20 at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates, with a minimum rate of 6.875 percent.

As a result of the recent expirations of the remainder of the Company’s acquired lease obligations incurred as part of the consideration for certain properties acquired in 2004 (“Assumed Obligations”) included in mortgages, loans payable and other obligations, the Company recorded a gain on retirement of other obligations of approximately $1.7 million during the year ended December 31, 2009 on account of the remaining unused balance of the obligations at expiration.

A summary of the Company's mortgages, loans payable and other obligations as of December 31, 2009 and 2008 is as follows: (dollars in thousands)

Property Name	Lender	Effective Interest Rate (a)	December 31, 2009	2008	Maturity
Assumed obligations	Various	4.96%	--	$ 5,090	n/a
Various (b)	Prudential Insurance	4.84%	$150,000	150,000	01/15/10 (c)
105 Challenger Road	Archon Financial CMBS	6.24%	19,408	19,188	06/06/10
2200 Renaissance Boulevard	Wachovia CMBS	5.89%	16,619	17,043	12/01/12
Soundview Plaza	Morgan Stanley Mortgage Capital	6.02%	16,614	17,109	01/01/13
9200 Edmonston Road	Principal Commercial Funding L.L.C.	5.53%	4,804	4,955	05/01/13
6305 Ivy Lane	John Hancock Life Insurance Co.	5.53%	6,693	6,901	01/01/14
395 West Passaic	State Farm Life Insurance Co.	6.00%	11,735	12,176	05/01/14
6301 Ivy Lane	John Hancock Life Insurance Co.	5.52%	6,297	6,480	07/01/14
35 Waterview Boulevard	Wachovia CMBS	6.35%	19,613	19,868	08/11/14
6 Becker, 85 Livingston, 75 Livingston & 20 Waterview	Wachovia CMBS	10.22%	60,409	--	08/11/14
4 Sylvan	Wachovia CMBS	10.19%	14,357	--	08/11/14
10 Independence	Wachovia CMBS	12.44%	15,339	--	08/11/14
4 Becker	Wachovia CMBS	9.55%	36,281	--	05/11/16
5 Becker	Wachovia CMBS	12.83%	11,111	--	05/11/16
210 Clay	Wachovia CMBS	13.42%	11,138	--	05/11/16
51 Imclone	Wachovia CMBS	8.39%	3,899	--	05/11/16
23 Main Street	JPMorgan CMBS	5.59%	32,042	32,521	09/01/18
Harborside Plaza 5	The Northwestern Mutual Life Insurance Co. & New York Life Insurance Co.	6.84%	237,248	239,795	11/01/18
100 Walnut Avenue	Guardian Life Insurance Co.	7.31%	19,600	--	02/01/19
One River Center	Guardian Life Insurance Co.	7.31% (d)	44,900	--	02/01/19
581 Main Street	Valley National Bank	6.94% (e)	16,896	--	07/01/34
Total mortgages, loans payable and other obligations			$755,003	$531,126	

(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) Mortgage is collateralized by seven properties.
(c) On January 15, 2010, the Company extended the mortgage loan until January 15, 2017 at an interest rate of 6.25 percent.
(d) Mortgage is collateralized by the three properties comprising One River Center.
(e) The coupon interest rate will be reset at the end of year 10 and year 20 at 225 basis points over the 10-year treasury yield 45 days prior to the reset dates with a minimum rate of 6.875

percent.

SCHEDULED PRINCIPAL PAYMENTS

Scheduled principal payments and related weighted average annual interest rates for the Company's senior unsecured notes (see Note 8), unsecured revolving credit facility and mortgages, loans payable and other obligations as of December 31, 2009 are as follows: (dollars in thousands)

Period	Scheduled Amortization ($000's)	Principal Maturities ($000's)	Total ($000's)	Weighted Avg. Interest Rate of Future Repayments (a)
2010	$ 8,155	$ 334,500	$ 342,655	5.31%
2011	9,217	300,000	309,217	7.92%
2012	9,968	210,148	220,116	6.21%
2013	9,515	145,223	154,738	5.37%
2014	8,553	335,257	343,810	6.83%
Thereafter	40,360	961,381	1,001,741	6.99%
Sub-total	85,768	2,286,509	2,372,277	
Adjustment for unamortized debt discount/premium, net, as of December 31, 2009	(34,840)	--	(34,840)	--
Totals/Weighted Average	$ 50,928	$ 2,286,509	$2,337,437	6.61%

(a) No variable-rate borrowings were outstanding as of December 31, 2009.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the years ended December 31, 2009, 2008 and 2007 was $131,912,000, $131,304,000 and $128,678,000, respectively. Interest capitalized by the Company for the years ended December 31, 2009, 2008 and 2007 was $1,401,000, $5,799,000 and $5,101,000, respectively.

SUMMARY OF INDEBTEDNESS

As of December 31, 2009 the Company's total indebtedness of $2,337,437,000 (weighted average interest rate of 6.61 percent) was comprised of all fixed rate debt.

As of December 31, 2008 the Company's total indebtedness of $2,225,475,000 (weighted average interest rate of 5.87 percent) was comprised of $161,000,000 of revolving credit facility borrowings (weighted average rate of 1.82 percent) and fixed rate debt and other obligations of $2,064,475,000 (weighted average rate of 6.18 percent).

11. EMPLOYEE BENEFIT 401(k) PLANS

Employees of the Company, 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 each of the three years ended December 31, 2009, 2008 and 2007 was $0, $471,000 and $400,000, respectively. The Company did not make contributions to the 401(k) Plan in 2009.

All employees of the Gale Company and other affiliated participating employers, other than certain employees who are represented for collective bargaining purposes by a labor organization, who attained age 201/2 and completed one-half year of service with a participating employer were eligible to participate in the Gale Company Employee Savings Plan (the "Gale Plan"). The Gale Plan permitted eligible employees to defer their annual compensation on a pre-tax basis, subject to certain limitations imposed by federal law. The amounts contributed by employees were immediately vested and non-forfeitable. The Gale Company or the participant's employer were able to match the employee's deferral at the rate of 50 percent of the first six percent of the employee's annual compensation for employees who have at least 1,000 hours of service and are employed on the last day of the plan year. In addition, the Company, at management's discretion, was able to make discretionary contributions. Participants become 50 percent vested in employer contributions after two years of service and become 100 percent vested after three years. The assets of the Gale Plan were held in trust and a separate account was established for each participant. A participant may receive a distribution of his or her vested account balance in the Gale Plan in a single sum or in installment payments or in the form of an annuity upon his or her termination of service with the Company. Effective April 1, 2007, the Gale Plan was merged into the 401(k) Plan. In accordance with the Gale/Green transactions, the Company continued to make matching contributions to former Gale Plan participants under the Gale Plan matching contribution formula through the payroll period ending May 4, 2007. Moreover, federal law requires the Company to preserve (i) the Gale Plan vesting schedule for certain Gale Plan participants with three or more years of service as of May 4, 2007 and (ii) certain benefits previously offered under the Gale Plan. Total expense recognized by the Company for the Gale Plan for the year ended December 31, 2007 was $111,000.

12. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value was determined by management using available market information and appropriate valuation methodologies. However, considerable 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 financial instruments at December 31, 2009 and 2008. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, marketable securities, receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values as of December 31, 2009 and 2008.

The fair value of the Company's long-term debt, consisting of senior unsecured notes, an unsecured revolving credit facility and mortgages, loans payable and other obligations aggregate approximately $2.4 billion and $1.8 billion as compared to the book value of approximately $2.3 billion and $2.2 billion as of December 31, 2009 and 2008, respectively. The fair value of the Company's long-term debt is estimated on a level 2 basis (as provided by ASC 820, Fair Value Measurements and Disclosures), using a discounted cash flow analysis 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.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2009 and 2008. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since December 31, 2009 and current estimates of fair value may differ significantly from the amounts presented herein.

13. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

Harborside Financial Center

Pursuant to agreements with the City of Jersey City, New Jersey, the Company is required to make payments in lieu of property taxes ("PILOT") on certain of its properties located in Jersey City, as follows:

The Harborside Plaza 4-A agreement, which commenced in 2000, is for a term of 20 years. The PILOT is equal to two percent of Total Project costs, as defined, and increases by 10 percent in years 7, 10 and 13 and by 50 percent in year 16. Total Project costs, as defined, are $45.5 million. The PILOT totaled $1,001,000 for each of the years ended December 31, 2009, 2008 and 2007, respectively.

The Harborside Plaza 5 agreement, as amended, which commenced in 2002 upon substantial completion of the property, as defined, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs. Total Project Costs, as defined, are $159.6 million. The PILOT totaled $3.2 million for each of the years ended December 31, 2009, 2008 and 2007.

Total Project Costs for Harborside Plaza 5 and Harborside Plaza 4-A are currently being reviewed by the City of Jersey City. The Company believes that the ultimate resolution of such reviews will not have a material adverse effect on the Company's financial condition.

At the conclusion of the above-referenced PILOT 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 December 31, 2009, are as follows: (dollars in thousands)

Year	Amount
2010	$ 502
2011	502
2012	502
2013	502
2014	530
2015 through 2084	34,000
Total	$36,538

Ground lease expense incurred by the Company during the years ended December 31, 2009, 2008 and 2007 amounted to $734,000, $701,000 and $663,000, respectively.

OTHER

The Company may not dispose of or distribute certain of its properties, currently comprising 11 properties with an aggregate net book value of approximately $199.8 million, which were originally contributed by certain unrelated common unitholders, without the express written consent of such common unitholders, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses 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 do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is 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 expire periodically through 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; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Martin S. Berger, director; Robert F. Weinberg, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, director, and John J. Cali, a former director). 126 of the Company's properties, with an aggregate net book value of approximately $1.8 billion, have lapsed restrictions and are subject to these conditions.

The Company is obligated to acquire from an entity (the "Florham Entity") whose beneficial owners include Stanley C. Gale and Mark Yeager, an executive officer of the Company, a 50 percent interest in a venture which owns a developable land parcel in Florham Park, New Jersey (the "Florham Park Land") for a maximum purchase price of up to $10.5 million, subject to reduction based on developable square feet approved and other conditions, with the completion of such acquisition subject to the Florham Entity obtaining final development permits and approvals and related conditions necessary to allow for office development expected to be 600,000 square feet. In the event the acquisition of the Florham Park Land does not close by May 9, 2010, subject to certain conditions, the Florham Entity will be obligated to pay certain deferred costs and an additional $1 million to the Company at that time.

14. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2030. Substantially all of the leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass-through of charges for electrical usage.

Future minimum rentals to be received under non-cancelable operating leases at December 31, 2009 are as follows: (dollars in thousands)

Year	Amount
2010	$ 596,463
2011	544,938
2012	479,871
2013	392,953
2014	322,686
2015 and thereafter	1,085,473
Total	$3,422,384

15. MACK-CALI REALTY CORPORATION STOCKHOLDERS' EQUITY

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

COMMON STOCK

On May 6, 2009, the Company completed a public offering of 11,500,000 shares of Common Stock and used the net proceeds, which totaled approximately $274.8 million (after offering costs), to repay borrowings under its unsecured revolving credit facility.

PREFERRED STOCK

The Company has 10,000 shares of eight-percent Series C cumulative redeemable perpetual preferred stock issued and outstanding ("Series C Preferred Stock") in the form of 1,000,000 depositary shares ($25 stated value per depositary share). Each depositary share represents 1/100th of a share of Series C Preferred Stock.

The Series C Preferred Stock has preference rights with respect to liquidation and distributions over the common stock. Holders of the Series C Preferred Stock, except under certain limited conditions, will not be entitled to vote on any matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of the Series C Preferred Stock will have the right to elect two additional members to serve on the Company's Board of Directors until dividends have been paid in full. At December 31, 2009, there were no dividends in arrears. The Company may issue unlimited additional preferred stock ranking on a parity with the Series C Preferred Stock but may not issue any preferred stock senior to the Series C Preferred Stock without the consent of two-thirds of its holders. The Series C Preferred Stock is essentially on an equivalent basis in priority with the preferred units of the Operating Partnership (See Note 16: Noncontrolling interests in subsidiaries).

The Series C Preferred Stock is redeemable at the option of the Company, in whole or in part, at $25 per depositary share, plus accrued and unpaid dividends.

SHARE REPURCHASE PROGRAM

On September 12, 2007, the Board of Directors authorized an increase to the Company's repurchase program under which the Company was permitted to purchase up to $150 million of the Company's outstanding common stock ("Repurchase Program"). The Company has purchased and retired 2,893,630 shares of its outstanding common stock for an aggregate cost of approximately $104 million through December 31, 2009 under the Repurchase Program. The Company has a remaining authorization to repurchase up to an additional $46 million of its outstanding common stock, which it may repurchase from time to time in open market transactions at prevailing prices or through privately negotiated transactions.

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 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 5.5 million shares of the Company's common stock reserved for issuance under the DRIP.

SHAREHOLDER RIGHTS PLAN

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

STOCK OPTION PLANS

In May 2004, the Company established the 2004 Incentive Stock Plan under which a total of 2,500,000 shares have been reserved for issuance. No options have been granted through December 31, 2009 under this plan. 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"). In May 2002, shareholders of the Company approved amendments to both 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). In 1994, and as subsequently amended, the Company established the Mack-Cali Employee Stock Option Plan ("Employee Plan") and the Mack-Cali Director Stock Option Plan ("Director Plan") under which a total of 5,380,188 shares (subject to adjustment) of the Company's common stock had been reserved for issuance (4,980,188 shares under the Employee Plan and 400,000 shares under the Director Plan). As the Employee Plan and Director Plan expired in 2004, stock options may no longer be issued under those plans. Stock options granted under the Employee Plan in 1994 and 1995 became exercisable over a three-year period. Stock options granted under the 2000 Employee Plan and those options granted subsequent to 1995 under the Employee Plan become exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan become exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of December 31, 2009 and 2008, the stock options outstanding had a weighted average remaining contractual life of approximately 2.5 and 3.3 years, respectively. Stock options exercisable at December 31, 2009 and December 31, 2008 had a weighted average remaining contractual life of approximately 2.5 and 3.5 years, respectively.

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, 2007	690,306	$29.68	
Exercised	(132,770)	$28.63	
Lapsed or canceled	(59,805)	$37.44	
Outstanding at December 31, 2007	497,731	$29.03	
Exercised	(81,675)	$28.30	
Lapsed or canceled	(20,515)	$37.00	
Outstanding at December 31, 2008 ($24.63 – $45.47)	395,541	$28.77	$(1,689)
Exercised	(18,917)	$26.66	
Lapsed or canceled	(24,440)	$30.89	
Outstanding at December 31, 2009 ($26.25 – $45.47)	352,184	$28.74	$ 2,055
Options exercisable at December 31, 2008	395,541		$(1,689)
Options exercisable at December 31, 2009	352,184		$ 2,055
Available for grant at December 31, 2008	3,904,607		
Available for grant at December 31, 2009	3,824,270		

Cash received from options exercised under all stock option plans was $504,000, $2.3 million and $3.8 million for the years ended December 31, 2009, 2008 and 2007, respectively. The total intrinsic value of options exercised during the years ended December 31, 2009, 2008 and 2007 was $123,000, $832,000 and $3.2 million, respectively. The Company has a policy of issuing new shares to satisfy stock option exercises.

The Company recognized stock options expense of $0, $0 and $132,000 for the years ended December 31, 2009, 2008 and 2007, respectively. As of December 31, 2009, the Company had $2.6 million of total unrecognized compensation cost related to unvested stock compensation granted under the Company's stock compensation plans. That cost is expected to be recognized over a weighted average period of 2.5 years.

STOCK COMPENSATION

The Company has issued stock awards ("Restricted Stock Awards") to officers, certain other employees, and nonemployee 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 323,088 unvested shares were outstanding at December 31, 2009. Of the outstanding Restricted Stock Awards issued to executive officers and senior management, 196,998 are contingent upon the Company meeting certain performance goals to be set by the Executive Compensation and Option Committee of the Board of Directors of the Company each year, with the remaining based on time and service. All Restricted Stock Awards provided to the officers and certain other employees were issued under the 2000 Employee Plan and the Employee Plan. Restricted Stock Awards provided to directors were issued under the 2000 Director Plan.

Information regarding the Restricted Stock Awards is summarized below:

	Shares	Weighted-Average Grant – Date Fair Value
Outstanding at January 1, 2007	216,620	$ 39.78
Granted (a)	113,118	$ 36.29
Vested	(158,927)	$ 42.10
Outstanding at December 31, 2007	170,811	$ 35.32
Granted (b)	374,529	$ 30.72
Vested	(168,634)	$ 27.01
Forfeited	(1,700)	$ 35.13
Outstanding at December 31, 2008	375,006	$ 34.46
Granted (c)	83,337	$ 32.27
Vested	(132,255)	$ 27.55
Forfeited	(3,000)	$ 49.61
Outstanding at December 31, 2009	323,088	$ 36.58

(a) Included in the 113,118 Restricted Stock Awards granted in 2007 were 82,518 awards granted to the Company's five executive officers, Mitchell E. Hersh, Barry Lefkowitz, Roger W. Thomas, Michael Grossman and Mark Yeager.
(b) Included in the 374,529 Restricted Stock Awards granted in 2008 were 322,609 awards granted to the Company's five executive officers, Mitchell E. Hersh, Barry Lefkowitz, Roger W. Thomas, Michael Grossman and Mark Yeager.
(c) Included in the 83,337 Restricted Stock Awards granted in 2009 were 61,667 awards granted to the Company's five executive officers, Mitchell E. Hersh, Barry Lefkowitz, Roger W. Thomas, Michael Grossman and Mark Yeager.

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 years ended December 31, 2009, 2008 and 2007, 15,082, 12,889 and 8,054 deferred stock units were earned, respectively. As of December 31, 2009 and 2008, there were 71,848 and 55,446 director stock units outstanding, respectively.

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

The following information presents the Company's results for the years ended December 31, 2009, 2008 and 2007 in accordance with ASC 260, Earning Per Share: (dollars in thousands)

	Year Ended December 31,		
Computation of Basic EPS	2009	2008	2007
Income from continuing operations	$ 63,728	$ 64,879	$ 88,612
Add: Noncontrolling interest in consolidated joint ventures	943	664	643
Deduct: Noncontrolling interest in operating partnership	(10,103)	(11,817)	(16,126)
Deduct: Preferred stock dividends	(2,000)	(2,000)	(2,000)
Income from continuing operations available to common shareholders	52,568	51,726	71,129
Income from discontinued operations available to common shareholders	--	--	37,337
Net income available to common shareholders	52,568	$ 51,726	$108,466
Weighted average common shares	74,318	65,489	67,026
Basic EPS:			
Income from continuing operations available to common shareholders	$ 0.71	$ 0.79	$ 1.06
Income from discontinued operations available to common shareholders	--	--	0.56
Net income available to common shareholders	$ 0.71	$ 0.79	$ 1.62

	Year Ended December 31,		
Computation of Diluted EPS	2009	2008	2007
Income from continuing operations available to common shareholders	$ 52,568	$ 51,726	$ 71,129
Add: Income from continuing operations attributable to common units	10,103	11,817	16,126
Income from continuing operations for diluted earnings per share	62,671	63,543	87,255
Income from discontinued operations for diluted earnings per share	--	--	45,711
Net income available to common shareholders	$ 62,671	$ 63,543	$132,966
Weighted average common shares	88,389	80,648	82,500
Diluted EPS:			
Income from continuing operations available to common shareholders	$ 0.71	$ 0.79	$ 1.06
Income from discontinued operations available to common shareholders	--	--	0.55
Net income available to common shareholders	$ 0.71	$ 0.79	$ 1.61

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

	Year Ended December 31,		
	2009	2008	2007
Basic EPS shares	74,318	65,489	67,026
Add:Operating Partnership – common units	14,028	14,915	15,190
Stock options	1	95	185
Restricted Stock Awards	42	149	99
Diluted EPS Shares	88,389	80,648	82,500

Not included in the computations of diluted EPS were 307,184, 10,000 and 5,000 stock options as such securities were anti-dilutive during the years ended December 31, 2009, 2008 and 2007, respectively. Unvested restricted stock outstanding as of December 31, 2009, 2008 and 2007 were 323,088, 375,006 and 170,811, respectively.

The following are dividends declared for share of Common Stock for the years ended December 31, 2009, 2008 and 2007.

	Year Ended December 31,		
	2009	2008	2007
Dividends declared per common share	$1.80	$2.56	$2.56

16. NONCONTROLLING INTERESTS IN SUBSIDIARIES

Noncontrolling interests in subsidiaries in the accompanying consolidated financial statements relate to (i) preferred units ("Preferred Units") and common units in the Operating Partnership, held by parties other than the Company, and (ii) interests in consolidated joint ventures for the portion of such properties not owned by the Company.

Pursuant to the Company's required adoption on January 1, 2009 of ASC 810, Consolidation, on the accounting and reporting of noncontrolling interests and changes in ownership interests of the subsidiary, the Company is presenting its noncontrolling interests as equity for all periods presented in these financial statements.

OPERATING PARTNERSHIP

Preferred Units

In connection with the Company's issuance of $25 million of Series C cumulative redeemable perpetual preferred stock, the Company acquired from the Operating Partnership $25 million of Series C Preferred Units (the "Series C Preferred Units"), which have terms essentially identical to the Series C preferred stock. See Note 15: Mack-Cali Realty Corporation Stockholders' Equity – Preferred Stock.

Common Units

Certain individuals and entities own common units in the Operating Partnership. A common unit and a share of Common Stock of the Company have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the Operating Partnership. Common 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 Company's Common Stock, or cash equal to the fair market value of a share of the Company's Common Stock at the time of redemption, for each common unit. The Company, 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 Company 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 Company 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.

Unit Transactions

The following table sets forth the changes in noncontrolling interests in subsidiaries which relate to the common units in the Operating Partnership for the years ended December 31, 2009, 2008 and 2007:

	Common Units
Balance at January 1, 2007	15,342,283
Issuance of common units	114,911
Redemption of common units for shares of common stock	(471,656)
Balance at December 31, 2007	14,985,538
Redemption of common units for shares of common stock	(547,807)
Balance at December 31, 2008	14,437,731
Redemption of common units for shares of common stock	(942,695)
Balance at December 31, 2009	13,495,036

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 amount 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 year ended December 31, 2009, 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 $66.3 million as of December 31, 2009.

NONCONTROLLING INTEREST OWNERSHIP

As of December 31, 2009 and December 31, 2008, the noncontrolling interest common unitholders owned 14.6 percent and 17.9 percent of the Operating Partnership, respectively.

CONSOLIDATED JOINT VENTURES

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

17. SEGMENT REPORTING

The Company operates in two business segments: (i) real estate and (ii) construction services. The Company provides leasing, property and facilities management, acquisition, development, construction and tenant-related services for its portfolio. In May 2006, in conjunction with the Company's acquisition of the Gale Company and related businesses, the Company acquired a business specializing solely in construction and related services whose operations comprise the Company's construction services segment. The Company had no revenues from foreign countries recorded for the years ended December 31, 2009, 2008 and 2007. The Company had no long lived assets in foreign locations as of December 31, 2009, 2008 and 2007. 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 the real estate segment and net operating income from its construction services segment.

Selected results of operations for the years ended December 31, 2009, 2008 and 2007 and selected asset information as of December 31, 2009 and 2008 regarding the Company's operating segments are as follows: (dollars in thousands)

	Real Estate	Construction Services	Corporate & Other (d)	Total Company	
Total revenues:					
2009	$ 738,887	$ 31,207	$ (5,569)	$ 764,525	
2008	734,159	58,105	(14,295)	777,969	
2007	716,932	97,951	(6,533)	808,350	
Total operating and interest expenses (a):					
2009	$ 290,072	$ 31,815	$ 172,500	$ 494,387	(e)
2008	268,302	56,628	163,307	488,237	(f)
2007	263,175	96,699	170,382	530,256	(g)
Equity in earnings (loss) of unconsolidated joint ventures:					
2009	$ (5,560)	----		$ (5,560)	
2008	(39,752)	----		(39,752)	
2007	(5,918)	----		(5,918)	
Net operating income (loss) (b):					
2009	$ 443,255	$ (608)	$ (178,069)	$ 264,578	(e)
2008	426,105	1,477	(177,602)	249,980	(f)
2007	447,839	1,252	(176,915)	272,176	(g)
Total assets:					
2009	$4,512,974	$ 12,015	$ 196,648	$4,721,637	
2008	4,499,548	25,845	(81,471)	4,443,922	
Total long-lived assets (c):					
2009	$4,189,276	--	$ (1,142)	$4,188,134	
2008	4,191,036	--	(17,015)	4,174,021	

(a) Total operating and interest expenses represent the sum of: real estate taxes; utilities; operating services; direct construction costs; real estate services salaries, wages and other costs; general and administrative and interest expense (net of interest income). All interest expense, net of interest 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 investments in unconsolidated joint ventures.

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

(e) Excludes $202,543 of depreciation and amortization.
(f) Excludes $194,635 of depreciation and amortization.
(g) Excludes $183,564 of depreciation and amortization.

18. RELATED PARTY TRANSACTIONS

William L. Mack, Chairman of the Board of Directors of the Company ("W. Mack"), David S. Mack, a director of the Company, and Earle I. Mack, a former director of the Company ("E. Mack"), are the executive officers, directors and stockholders of a corporation that leases approximately 7,801 square feet at one of the Company's office properties, which is scheduled to expire in November 2011. The Company has recognized $255,000, $258,000 and $233,000 in revenue under this lease for the years ended December 31, 2009, 2008 and 2007, respectively, and had zero accounts receivable from the corporation as of December 31, 2009 and 2008.

The Company has conducted business with certain entities ("RMC Entity" or "RMC Entities"), whose principals include Timothy M. Jones, Martin S. Berger and Robert F. Weinberg, each of whom are affiliated with the Company as the former president of the Company, a current member of the Board of Directors and a former member of the Board of Directors of the Company, respectively. In connection with the Company's acquisition of 65 Class A properties from The Robert Martin Company ("Robert Martin") on January 31, 1997, as subsequently modified, the Company granted Robert Martin the right to designate one seat on the Company's Board of Directors ("RM Board Seat"), which right has since expired. The RM Board Seat had historically been shared between Robert F. Weinberg and Martin S. Berger, each of whom had agreed that, for so long as either of them serves on the Board of Directors, that such board seat would be rotated among Mr. Berger and Mr. Weinberg annually at the time of each annual meeting of stockholders. At the Company's 2003 annual meeting of stockholders, Mr. Berger was elected to the Board of Directors and he continued to share his board seat with Mr. Weinberg. At the Company's 2006 annual meeting of stockholders, Mr. Weinberg was elected to the Board of Directors and he continued to share his board seat with Mr. Berger. At the Company's 2009 annual meeting of stockholders, Mr. Berger was elected to the Board of Directors and he continues to share his board seat with Mr. Weinberg. The business that the Company has conducted with RMC Entities was as follows:

(1) The Company provides management, leasing and construction-related services to properties in which RMC Entities have an ownership interest. The Company recognized approximately $1.6 million, $2.5 million and $2 million in revenue from RMC Entities for the years ended December 31, 2009, 2008 and 2007, respectively. As of December 31, 2009 and 2008, respectively, the Company had zero and $161,000 accounts receivable from RMC Entities.
(2) An RMC Entity leased space at one of the Company's office properties for approximately 4,860 square feet, which, after a one-year renewal signed in October 2009, is scheduled to expire in October 2010. The Company has recognized $140,000, $133,000 and $132,000, in revenue under this lease for the years ended December 31, 2009, 2008 and 2007, respectively, and had $500 accounts receivable due from the RMC Entity, as of December 31, 2009 and 2008, respectively.

Through June 2007, Mr. Berger held a 24 percent interest, acted as chairman and chief executive officer, Mr. Weinberg also held a 24 percent interest and was a director, and W. Mack held a nine percent interest and was a director of City and Suburban Federal Savings Bank and/or one of its affiliates, which leases 12,842 square feet of space at one of the Company's office properties, which was scheduled to expire in April 2013. In July 2007, Mssrs. Berger, Weinberg and Mack sold their interests and no longer are directors of City and Suburban Federal Savings Bank and/or its affiliates. The Company recognized $190,000 and $404,000 in revenue under the leases for the years ended December 31, 2007 and 2006, respectively, and had no accounts receivable from the company as of December 31, 2007.

The Company provides administrative support and related services to John J. Cali, who served as the Chairman Emeritus and a Board member of the Company, for which it was reimbursed $115,000, $153,000 and $192,000 from Mr. Cali for the years ended December 31, 2009, 2008 and 2007, respectively. On June 27, 2005, an affiliate of Mr. Cali entered into a three-year lease for 1,825 square feet of space at one of the Company's office properties, which is scheduled to expire at the end of 2011. On September 18, 2006, an affiliate of Mr. Cali entered into another lease agreement for 806 additional square feet, in the same building, commencing on December 29, 2006, which is scheduled to expire at the end of 2011. The Company recognized approximately $68,000, $67,000 and $68,000 in total revenue under the leases for the years ended December 31, 2009, 2008 and 2007, respectively, and had zero accounts receivable from the affiliate as of December 31, 2009 and 2008.

19. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

Statement of Financial Accounting Standards No. 167, Amendments to FASB Interpretation No. 46(R) ("FASB No. 167")

FASB No. 167 amends, among other items, for FIN 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics:

a. The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance

b. The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance.

FASB No. 167 also amends FIN 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. Additionally, FASB No. 167 amends FIN 46(R) to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. FASB No. 167 amends certain guidance in Interpretation 46(R) for determining whether an entity is a variable interest entity. Also, FASB No. 167 amends FIN 46(R) to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a variable interest entity. As FASB No. 167 will be effective as of the beginning of the first annual reporting period that begins after November 15, 2009, the Company is currently assessing the potential impact that the Company's adoption of FASB No. 167 on January 1, 2010 will have on its financial position and results of operation.

20. CONDENSED QUARTERLY FINANCIAL INFORMATION (unaudited)

The following summarizes the condensed quarterly financial information for the Company: (dollars in thousands)

Quarter Ended 2009	December 31	September 30	June 30	March 31
Total revenues	$ 194,904	$ 193,617	$ 189,338	$ 186,666
Operating and other expenses	71,605	66,597	66,500	72,290
Direct construction costs	4,976	7,337	4,296	3,714
General and administrative	9,256	9,818	10,651	10,082
Depreciation and amortization	52,725	51,830	49,716	48,272
Impairment charge on rental property	16,563	--	--	--
Total expenses	155,125	135,582	131,163	134,358
Operating Income	39,779	58,035	58,175	52,308
Interest expense	(38,923)	(36,048)	(33,508)	(32,794)
Interest and other investment income	20	167	187	197
Equity in earnings (loss) of unconsolidated joint ventures	841	635	(1,922)	(5,114)
Gain on sale of investment in marketable securities	--	--	--	--
Gain on reduction of other obligations	--	--	1,693	--
Total other (expense) income	(38,062)	(35,246)	(33,550)	(37,711)
Income (loss) from continuing operations	1,717	22,789	24,625	14,597
Discontinued operations:				
Income from discontinued operations	--	--	--	--
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	--	--	--
Total discontinued operations, net	--	--	--	--
Net income (loss)	1,717	22,789	24,625	14,597
Noncontrolling interest in consolidated joint ventures	(37)	213	135	632
Noncontrolling interest in Operating Partnership	(174)	(3,415)	(3,886)	(2,628)
Noncontrolling interest in discontinued operations	--	--	--	--
Preferred stock dividends	(500)	(500)	(500)	(500)
Net income (loss) available to common shareholders	$ 1,006	$ 19,087	$ 20,374	$ 12,101
Basic earnings per common share:				
Income (loss) from continuing operations	$ 0.01	$ 0.24	$ 0.28	$ 0.18
Discontinued operations	--	--	--	--
Net income (loss) available to common shareholders	$ 0.01	$ 0.24	$ 0.28	$ 0.18
Diluted earnings per common share:				
Income (loss) from continuing operations	$ 0.01	$ 0.24	$ 0.28	$ 0.18
Discontinued operations	--	--	--	--
	$ 0.01	$ 0.24	$ 0.28	$ 0.18

Net income (loss) available to common shareholders				
Dividends declared per common share	$ 0.45	$ 0.45	$ 0.45	$ 0.45

Quarter Ended 2008	December 31	September 30	June 30	March 31
Total revenues	$ 186,100	$ 204,363	$ 192,793	$ 194,713
Operating and other expenses	63,448	74,022	70,937	71,437
Direct construction costs	3,562	11,104	10,329	12,654
General and administrative	10,885	10,767	11,237	11,095
Depreciation and amortization	50,085	49,242	47,586	47,722
Total expenses	127,980	145,135	140,089	142,908
Operating Income	58,120	59,228	52,704	51,805
Interest expense	(33,182)	(31,163)	(31,340)	(32,460)
Interest and other investment income	270	257	302	556
Equity in earnings (loss) of unconsolidated joint ventures	(39,219)	(269)	884	(1,148)
Gain on sale of investment in marketable securities	--	--	471	--
Gain on reduction of other obligations	9,063	--	--	--
Gain/(loss) on sale of land and other assets	--	--	--	--
Total other (expense) income	(63,068)	(31,175)	(29,683)	(33,052)
Income (loss) from continuing operations	(4,948)	28,053	23,021	18,753
Discontinued operations:				
Income from discontinued operations	--	--	--	--
Realized gains (losses) and unrealized losses on disposition of rental property, net	--	--	--	--
Total discontinued operations, net	--	--	--	--
Net income (loss)	(4,948)	28,053	23,021	18,753
Noncontrolling interest in consolidated joint ventures	378	147	16	123
Noncontrolling interest in Operating Partnership	934	(5,131)	(4,193)	(3,427)
Noncontrolling interest in discontinued operations	--	--	--	--
Preferred stock dividends	(500)	(500)	(500)	(500)
Net income (loss) available to common shareholders	$ (4,136)	$ 22,569	$ 18,344	$ 14,949
Basic earnings per common share:				
Income (loss) from continuing operations	$ (0.06)	$ 0.34	$ 0.28	$ 0.23
Discontinued operations	--	--	--	--