MACK CALI REALTY CORP
Form 10-Q
July 26, 2012

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

FORM 10-Q

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

For the quarterly period ended June 30, 2012

or

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

For the transition period from to

Commission File Number: 1-13274

Mack-Cali Realty Corporation
(Exact name of registrant as specified in its charter)

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

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

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 July 23, 2012, there were 87,820,802 shares of the registrant’s Common Stock, par value $0.01 per share, outstanding.

MACK-CALI REALTY CORPORATION

FORM 10-Q

INDEX

Part I	Financial Information		Page
	Item 1.	Financial Statements (unaudited):	
		Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011	4
		Consolidated Statements of Operations for the three and six months ended June 30, 2012 and 2011	5
		Consolidated Statement of Changes in Equity for the six months ended June 30, 2012	6
		Consolidated Statements of Cash Flows for the six months ended June 30, 2012 and 2011	7
		Notes to Consolidated Financial Statements	8-33
	Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	34-53
	Item 3.	Quantitative and Qualitative Disclosures	53

		About Market Risk	
	Item 4.	Controls and Procedures	54
Part II	Other Information		
	Item 1.	Legal Proceedings	55
	Item 1A.	Risk Factors	55
	Item 2.	Unregistered Sales of Equity Securities Proceeds and Use of	55
	Item 3.	Defaults Upon Senior Securities	55
	Item 4.	Mine Safety Disclosure	55
	Item 5.	Other Information	55
	Item 6.	Exhibits	55
Signatures			56
Exhibit Index			57-72

MACK-CALI REALTY CORPORATION

Part I – Financial Information

Item 1. Financial Statements

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

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in Mack-Cali Realty Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

The results of operations for the three and six month periods ended June 30, 2012 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

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

	June 30, 2012	December 31, 2011
ASSETS		
Rental property		
Land and leasehold interests	$ 765,646	$ 773,026
Buildings and improvements	3,977,332	4,001,943
Tenant improvements	466,711	500,336
Furniture, fixtures and equipment	3,106	4,465
	5,212,795	5,279,770
Less – accumulated depreciation and amortization	(1,416,190)	(1,409,163)
	3,796,605	3,870,607
Rental property held for sale, net	22,404	-
Net investment in rental property	3,819,009	3,870,607
Cash and cash equivalents	19,303	20,496
Investments in unconsolidated joint ventures	64,359	32,015
Unbilled rents receivable, net	135,856	134,301
Deferred charges and other assets, net	201,919	210,470
Restricted cash	20,818	20,716
Accounts receivable, net of allowance for doubtful accounts of $2,975 and $2,697	8,943	7,154
Total assets	$ 4,270,207	$ 4,295,759
LIABILITIES AND EQUITY		
Senior unsecured notes	$ 1,198,294	$ 1,119,267
Revolving credit facility	10,000	55,500
Mortgages, loans payable and other obligations	721,302	739,448
Dividends and distributions payable	44,999	44,999
Accounts payable, accrued expenses and other liabilities	109,220	100,480
Rents received in advance and security deposits	53,220	53,019
Accrued interest payable	26,895	29,046
Total liabilities	2,163,930	2,141,759
Commitments and contingencies		
Equity:		
Mack-Cali Realty Corporation stockholders' equity:		
Common stock, $0.01 par value, 190,000,000 shares authorized, 87,819,278 and 87,799,479 shares outstanding	878	878
Additional paid-in capital	2,538,042	2,536,184
Dividends in excess of net earnings	(690,664)	(647,498)
Total Mack-Cali Realty Corporation stockholders' equity	1,848,256	1,889,564
Noncontrolling interests in subsidiaries:		

Operating Partnership		256,281		262,499
Consolidated joint ventures		1,740		1,937
Total noncontrolling interests in subsidiaries		258,021		264,436
Total equity		2,106,277		2,154,000
Total liabilities and equity	$	4,270,207	$	4,295,759

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) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
REVENUES	2012	2011	2012	2011
Base rents	$ 148,618	$ 147,992	$ 297,285	$ 295,703
Escalations and recoveries from tenants	20,787	23,748	40,937	50,928
Construction services	4,603	2,826	8,066	6,625
Real estate services	1,113	1,152	2,321	2,384
Other income	3,341	3,450	12,833	7,741
Total revenues	178,462	179,168	361,442	363,381
EXPENSES				
Real estate taxes	24,900	24,133	47,803	48,928
Utilities	14,444	16,657	30,546	36,399
Operating services	27,845	28,267	54,449	58,613
Direct construction costs	4,337	2,784	7,615	6,366
General and administrative	11,898	9,209	22,705	17,832
Depreciation and amortization	47,991	47,846	95,813	95,553
Total expenses	131,415	128,896	258,931	263,691
Operating income	47,047	50,272	102,511	99,690
OTHER (EXPENSE) INCOME				
Interest expense	(31,645)	(30,916)	(62,274)	(61,808)
Interest and other investment income	7	10	20	20
Equity in earnings (loss) of unconsolidated joint ventures	1,733	736	2,333	635
Loss from early extinguishment of debt	(4,415)	-	(4,415)	-
Total other (expense) income	(34,320)	(30,170)	(64,336)	(61,153)
Income from continuing operations	12,727	20,102	38,175	38,537
Discontinued operations:				
Income (loss) from discontinued operations	318	189	125	329
Realized gains (losses) and unrealized losses on disposition of rental property, net	(1,634)	-	2,378	-
Total discontinued operations, net	(1,316)	189	2,503	329
Net income	11,411	20,291	40,678	38,866
Noncontrolling interest in consolidated joint ventures	92	102	171	212
Noncontrolling interest in Operating Partnership	(1,562)	(2,536)	(4,675)	(4,973)
Noncontrolling interest in discontinued operations	160	(24)	(306)	(43)
Preferred stock dividends	-	(500)	-	(1,000)
Net income available to common shareholders	$ 10,101	$ 17,333	$ 35,868	$ 33,062
Basic earnings per common share:				
Income from continuing operations	$ 0.12	$ 0.20	$ 0.38	$ 0.39

Discontinued operations	(0.01)	-	0.03	-
Net income available to common shareholders	$ 0.11	$ 0.20	$ 0.41	$ 0.39
Diluted earnings per common share:				
Income from continuing operations	$ 0.12	$ 0.20	$ 0.38	$ 0.39
Discontinued operations	(0.01)	-	0.03	-
Net income available to common shareholders	$ 0.11	$ 0.20	$ 0.41	$ 0.39
Basic weighted average shares outstanding	87,817	86,936	87,808	84,953
Diluted weighted average shares outstanding	100,069	99,887	100,065	97,963

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) (unaudited)

	Common Stock		Additional Paid-In	Dividends in Excess of Net	Noncontrolling Interests	Total
	Shares	Par Value	Capital	Earnings	in Subsidiaries	Equity
Balance at January 1, 2012	87,800	$ 878	$ 2,536,184	$ (647,498)	$ 264,436	$ 2,154,000
Net income	-	-	-	35,868	4,810	40,678
Common stock dividends	-	-	-	(79,034)	-	(79,034)
Common unit distributions	-	-	-	-	(10,964)	(10,964)
Decrease in noncontrolling interest	-	-	-	-	(26)	(26)
Redemption of common units for common stock	20	-	429	-	(429)	-
Shares issued under Dividend Reinvestment and Stock Purchase Plan	4	-	114	-	-	114
Cancellation of shares	(5)	-	(126)	-	-	(126)
Stock compensation	-	-	1,635	-	-	1,635
Rebalancing of ownership percent between parent and subsidiaries	-	-	(194)	-	194	-
Balance at June 30, 2012	87,819	$ 878	$ 2,538,042	$ (690,664)	$ 258,021	$ 2,106,277

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) (unaudited)

	Six Months Ended June 30,	
CASH FLOWS FROM OPERATING ACTIVITIES	2012	2011
Net income	$ 40,678	$ 38,866
Adjustments to reconcile net income to net cash provided by Operating activities:		
Depreciation and amortization, including related intangible assets	95,735	95,289
Depreciation and amortization on discontinued operations	428	863
Amortization of stock compensation	1,635	1,594
Amortization of deferred financing costs and debt discount	1,272	1,168
Write off of unamortized discount on senior unsecured notes	370	-
Equity in earnings of unconsolidated joint venture, net	(2,333)	(635)
Realized gains and unrealized losses on disposition of rental property, net	(2,378)	-
Distributions of cumulative earnings from unconsolidated joint ventures	1,494	1,471
Changes in operating assets and liabilities:		
Increase in unbilled rents receivable, net	(1,610)	(4,066)
Increase in deferred charges and other assets, net	(7,322)	(18,468)
(Increase) decrease in accounts receivable, net	(1,829)	3,554
Increase in accounts payable, accrued expenses and other liabilities	10,229	5,749
Increase (decrease) in rents received in advance and security deposits	201	(2,327)
(Decrease) increase in accrued interest payable	(6)	706
Net cash provided by operating activities	$ 136,564	$ 123,764
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental property additions and improvements	$ (33,348)	$ (43,252)
Development of rental property	(8,352)	-
Investment in unconsolidated joint ventures	(32,475)	(201)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	988	929
Increase in restricted cash	(195)	(3,077)
Net cash used in investing activities	$ (73,382)	$ (45,601)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings from revolving credit facility	$ 302,526	$ 139,000
Repayment of revolving credit facility	(348,026)	(358,000)
Proceeds from senior unsecured notes	299,403	-
Repayment of senior unsecured notes	(221,019)	-

Proceeds from offering of common stock	-	227,374
Repayment of mortgages, loans payable and other obligations	(4,674)	(4,160)
Payment of financing costs	(2,635)	(6)
Proceeds from stock options exercised	-	1,463
Payment of dividends and distributions	(89,950)	(87,591)
Net cash used in financing activities	$ (64,375)	$ (81,920)
Net decrease in cash and cash equivalents	$ (1,193)	$ (3,757)
Cash and cash equivalents, beginning of period	20,496	21,851
Cash and cash equivalents, end of period	$ 19,303	$ 18,094

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

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

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively, the "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 June 30, 2012, the Company owned or had interests in 277 properties plus developable land (collectively, the "Properties"). The Properties aggregate approximately 32.2 million square feet, which are comprised of 265 buildings, primarily office and office/flex buildings totaling approximately 31.8 million square feet (which include eight buildings, primarily office buildings aggregating approximately 1.2 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. Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

2. SIGNIFICANT ACCOUNTING POLICIES

Rental Property

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Pursuant to the Company's adoption of ASC 805, 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. Capitalized development and construction salaries and related costs approximated $770,000, and $909,000 for the three months ended June 30, 2012 and 2011, respectively, and $1,570,000 and $1,979,000 for the six months ended June 30, 2012 and 2011, respectively. Included in total rental property is construction, tenant improvement and development in-progress of $34,862,000 and $37,069,000 as of June 30, 2012 and December 31, 2011, 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, primarily based on a percentage of the relative square footage of each portion, and capitalizes only those costs associated with the portion under construction.

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

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

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

9

On a periodic basis, management assesses whether there are any indicators that the value of the Company's rental properties held for use may be impaired. In addition to identifying any specific circumstances which may affect a property or properties, management considers other criteria for determining which properties may require assessment for potential impairment. The criteria considered by management include reviewing low leased percentages, significant near-term lease expirations, recently acquired properties, current and historical operating and/or cash flow losses, near-term mortgage debt maturities or other factors that might impact the Company's intent and ability to hold the property. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying 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. These assumptions are generally based on management's experience in its local real estate markets and the effects of current market conditions. The assumptions are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved, and actual losses or impairment may be realized in the future.

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 disposed of are presented in discontinued operations for all periods presented. See Note 6: 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 January 1, 2010, the Company adopted the updated provisions of ASC 810, which amends FIN 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. Additionally, ASC 810 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. ASC 810 amends certain guidance in Interpretation 46(R) for determining whether an entity is a variable interest entity. Also, ASC 810 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. The adoption of this guidance did not have a material impact to these financial statements. See Note 3: Investments in Unconsolidated Joint Ventures for disclosures regarding the Company's unconsolidated joint ventures.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying 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, and actual losses or impairment may be realized in the future. See Note 3: 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.

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 $661,000 and $584,000 for the three months ended June 30, 2012 and 2011, respectively, and $1,272,000 and $1,168,000 for the six months ended June 30, 2012 and 2011, respectively. If a financing obligation is extinguished early, any unamortized deferred financing costs are written off and included in gains (loss) on early extinguishment of debt.

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 $1,060,000 and $982,000 for the three months ended June 30, 2012 and 2011, respectively, and $2,156,000 and $2,036,000 for the six months ended June 30, 2012 and 2011, 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 cumulative amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining terms of the lease for above-market leases and the remaining initial terms plus the terms of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases. Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 13: 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.

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

In the normal course of business, the Company or one of its subsidiaries is subject to examination by federal, state and local jurisdictions in which it operates, where applicable. As of June 30, 2012, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are generally from the year 2007 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 June 30, 2012 represents dividends payable to common shareholders (87,819,863 shares) and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (12,177,122 common units) for all such holders of record as of July 5, 2012 with respect to the second quarter 2012. The second quarter 2012 common stock dividends and common unit distributions of $0.45 per common share and unit were approved by the Board of Directors on June 5, 2012. The common stock dividends and common unit distributions payable were paid on July 13, 2012.

The dividends and distributions payable at December 31, 2011 represents dividends payable to common shareholders (87,800,047 shares) and distributions payable to noncontrolling interest common unitholders of the Operating Partnership (12,197,122 common units) for all such holders of record as of January 5, 2012 with respect to the fourth quarter 2011. The fourth quarter 2011 common stock dividends and common unit distributions of $0.45 per common share and unit were approved by the Board of Directors on December 6, 2011. The common stock dividends and common unit distributions payable were paid on January 13, 2012.

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 restricted stock expense of $579,000 and $690,000 for the three months ended June 30, 2012 and 2011, respectively, and $1,393,000 and $1,380,000 for the six months ended June 30, 2012 and 2011, 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. 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, material misrepresentations, and 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"), which owns 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. The venture owns undeveloped land currently used as a parking facility.

SOUTH PIER AT HARBORSIDE – HOTEL

The Company has a joint venture with Hyatt Corporation ("Hyatt") which owns a 350-room hotel on the South Pier at Harborside Financial Center, Jersey City, New Jersey. The Company owns a 50 percent interest in the venture.

The venture has a mortgage loan with a balance as of June 30, 2012 of $64.6 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 June 30, 2012 of $5.5 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 $5.5 million letter of credit in support of this loan, half of which is indemnified by Hyatt.

RED BANK CORPORATE PLAZA

The Company has a joint venture with The PRC Group, which owns 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.

The venture had a $20.3 million loan with a commercial bank collateralized by the office property, which bore interest at a rate of the London Interbank Offered Rate ("LIBOR") plus 125 basis points and was scheduled to mature in May 2011. In May 2011, the venture paid the lender $1.7 million and refinanced the remainder of the loan. The new loan, with a balance of $17.7 million at June 30, 2012, bears interest at a rate of LIBOR plus 300 basis points and matures on May 17, 2016. LIBOR was 0.24 percent at June 30, 2012. The loan includes contingent guarantees for a portion of the principal by the Company based on certain conditions. On September 22, 2011, the interest rate on 75 percent of the loan was fixed at 3.99375 percent effective from October 17, 2011 through maturity.

The Company performs management, leasing, and other services for the property owned by the joint venture and recognized $25,000 and $24,000 in fees for such services in the three months ended June 30, 2012 and 2011, respectively, and $50,000 and $48,000 for the six months ended June 30, 2012 and 2011, respectively.

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, 2009, 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 points 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 was scheduled to terminate 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. On November 5, 2010, the Portfolio Entities that owned the remaining four unconsolidated Portfolio Properties provided estimates of the properties' fair market values to

Gramercy, pursuant to the Gramercy Agreement. The Gramercy Agreement has a maturity date of September 28, 2012.

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 not subject to the Gramercy Agreement, as its 100-percent ownership and rights regarding these entities were unchanged in the transaction. The OPLP does not consolidate the Portfolio Entities subject to the Gramercy Agreement, as the Gramercy Agreement is considered a reconsideration event under the provisions of ASC 810, 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.

On March 31, 2010, the venture sold one of its unconsolidated Portfolio Properties subject to the Gramercy Agreement, 1280 Wall Street West, a 121,314 square foot office property, located in Lyndhurst, New Jersey, for approximately $13.9 million, which was primarily used to pay down mortgage loans pursuant to the Gramercy Agreement.

On December 17, 2010, the venture repaid the $26.8 million allocated loan amount of one of the unconsolidated Portfolio Properties which was subject to the Gramercy Agreement, One Grande Commons, a 198,376 square foot office property, located in Bridgewater, New Jersey. Concurrent with the repayment, the venture placed $11 million mortgage financing on the property obtained from a bank. As a result of the repayment of the existing mortgage loan, the venture, which is consolidated by the Company, obtained a controlling interest and is consolidating the office property.

The Company performs management, leasing, and construction services for properties owned by the unconsolidated joint ventures and recognized $112,000 and $113,000 in income for such services in the three months ended June 30, 2012 and 2011, respectively, and $237,000 and $274,000 in income for the six months ended June 30, 2012 and 2011, respectively.

12 VREELAND ASSOCIATES, L.L.C.
On September 8, 2006, the Company entered into a joint venture to form M-C Vreeland, LLC ("M-C Vreeland"), for the sole purpose of acquiring 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 Participation Rights (see Note 15: Noncontrolling Interests in Subsidiaries – Participation Rights).

The office property at 12 Vreeland is a 139,750 square foot office building. The property had a fully-amortizing mortgage loan, the balance of which was fully satisfied at maturity on July 1, 2012.

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
In October 2006, the Company entered into a joint venture with affiliates of Vornado Realty LP ("Vornado") and JP Morgan Chase Bank ("JPM") to acquire and redevelop the Filenes property located in the Downtown Crossing district of Boston, Massachusetts (the "Filenes Property"). The venture was organized 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, aggregating 1.2 million square feet. The Company, through subsidiaries, separately holds approximately a 15 percent indirect ownership interest in each of the units. The project is subject to governmental approvals.

The venture acquired the Filenes Property on January 29, 2007, for approximately $100 million.

Distributions will generally be in proportion to its members' respective ownership interests and, depending upon the development unit, promotes will be available to specified partners after the achievement of certain internal rates of return ranging from 10 to 15 percent.

The joint venture has suspended its plans for the development of the Filenes Property. The venture recorded an impairment charge of approximately $69.5 million on its development project in 2008.

On May 15, 2012, the Company and JPM granted Vornado an option to purchase their interest for $45 million, subject to certain conditions, through May 16, 2013.

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") for the sole purpose of acquiring an 8.33 percent indirect interest in One Jefferson Road LLC ("One Jefferson"), which developed and placed in service a 100,010 square foot office property at One Jefferson Road, Parsippany, New Jersey, ("the Jefferson Property"). The property has been fully leased to a single tenant starting in 2010 through August 2025.

The operating agreement of M-C Jefferson provides, among other things, for the Participation Rights (see Note 15: Noncontrolling Interests in Subsidiaries – Participation Rights). The operating agreements of Gale Jefferson, L.L.C. ("Gale Jefferson"), which is owned 33.33 percent by M-C Jefferson and 66.67 percent by the Hampshire Generational Fund, L.L.C. ("Hampshire") 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 had a loan in the amount of $21 million, bearing interest at a rate of LIBOR plus 160 basis points, which was repaid on October 24, 2011. On October 24, 2011, One Jefferson obtained a new loan in the amount of $20.2 million, which bears interest at a rate of one-month LIBOR plus 160 basis points and matures on October 24, 2012 with a one year extension option, subject to the payment of a fee and certain other conditions.

The Company performs management, leasing, and other services for Gale Jefferson and recognized $48,000 and $40,000 in income for such services in the three months ended June 30, 2012 and 2011, respectively, and $96,000 and $79,000 in income for the six months ended June 30, 2012 and 2011, respectively.

STAMFORD SM LLC

On February 17, 2012, the Company entered into a joint venture to form Stamford SM L.L.C. ("Stamford SM") which acquired a senior mezzanine loan (the "Mezz Loan") position in the capital stack of a 1.7 million square foot class A portfolio in Stamford, Connecticut for $40 million. The Mezz Loan has a face value of $50 million and is secured by the equity interests in a premier seven-building portfolio containing 1.67 million square feet of class A office space and 106 residential rental units totaling 70,500 square feet, all located in the Stamford Central Business District. The interest-only Mezz Loan has a carrying value of $41 million as of June 30, 2012. The Mezz Loan is subject to an agreement which provides subject to certain conditions, that principal proceeds above $47 million are paid to another party. The Mezz Loan bears interest at LIBOR plus 325 basis points and matures in August 2012 with two one-year extension options, subject to certain conditions. On June 27, 2012, the borrowers of the Mezz Loan notified Stamford SM of their election to exercise the first extension option to extend the maturity date to August 2013, the approval of which is subject to the satisfaction of the extension conditions pursuant to the Mezz Loan agreement.

The operating agreement of Stamford SM provides, among other things, distributions of net available cash in accordance with its members' respective ownership percentages. The Company owns an 80 percent interest in the venture. The Company and the 20 percent member share equally decision-making on all major decisions involving the operations of the joint venture.

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 June 30, 2012 and December 31, 2011: (dollars in thousands)

	June 30, 2012								
	Plaza VIII & IX Associates	Harborside South Pier	Red Bank Corporate Plaza	Gramercy Agreement	12 Vreeland	Boston-Downtown Crossing	Gale Jefferson	Stamford SM LLC	Con
Assets:									
Rental property, net	$ 8,028	$ 57,319	$ 22,549	$ 38,704	$ 14,021	-	-	-	$ 14
Loan receivable	-	-	-	-	-	-	-	$ 40,954	
Other assets	1,289	16,913	2,836	5,599	1,024	$ 46,213	$ 2,830	227	
Total assets	$ 9,317	$ 74,232	$ 25,385	$ 44,303	$ 15,045	$ 46,213	$ 2,830	$ 41,181	$ 2
Liabilities and partners'/members' capital (deficit):									
Mortgages, loans payable and other obligations	-	$ 70,127	$ 17,728	$ 50,978	-	-	-	-	$ 1
Other liabilities	$ 537	9,095	42	1,106	$ 725	-	-	-	
Partners'/members' capital (deficit)	8,780	(4,990)	7,615	(7,781)	14,320	$ 46,213	$ 2,830	$ 41,181	1
Total liabilities and partners'/members' capital (deficit)	$ 9,317	$ 74,232	$ 25,385	$ 44,303	$ 15,045	$ 46,213	$ 2,830	$ 41,181	$ 2
Company's investments in unconsolidated joint ventures, net	$ 4,312	$ (1,289)	$ 3,702	-	$ 10,558	$ 13,010	$ 1,121	$ 32,945	$

	December 31, 2011								
	Plaza VIII & IX Associates	Harborside South Pier	Red Bank Corporate Plaza	Gramercy Agreement	12 Vreeland	Boston-Downtown Crossing	Gale Jefferson	Stamford SM LLC	Con
Assets:									
Rental property, net	$ 8,335	$ 59,733	$ 22,903	$ 39,276	$ 13,122	-	-	-	$ 14
Other assets	933	12,840	2,909	5,669	521	$ 46,121	$ 2,927	-	
Total assets	$ 9,268	$ 72,573	$ 25,812	$ 44,945	$ 13,643	$ 46,121	$ 2,927	-	$ 2
Liabilities and partners'/members' capital (deficit):									
Mortgages, loans payable									

and other obligations	-	$ 70,690	$ 18,100	$ 50,978	$ 1,207	-	-	-	$ 14
Other liabilities	$ 531	4,982	117	1,086	168	-	-	-	
Partners'/members' capital (deficit)	8,737	(3,099)	7,595	(7,119)	12,268	$ 46,121	$ 2,927	-	
Total liabilities and partners'/members' capital (deficit)	$ 9,268	$ 72,573	$ 25,812	$ 44,945	$ 13,643	$ 46,121	$ 2,927	-	$ 2
Company's investments in unconsolidated joint ventures, net	$ 4,291	$ (343)	$ 3,676	-	$ 10,233	$ 13,005	$ 1,153	-	$

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 three months ended June 30, 2012 and 2011: (dollars in thousands)

	Three Months Ended June 30, 2012								
	Plaza VIII & IX Associates	Harborside South Pier	Red Bank Corporate Plaza	Gramercy Agreement	12 Vreeland	Boston-Downtown Crossing	Gale Jefferson	Stamford SM LLC	Combined Total
Total revenues	$ 235	$ 10,906	$ 799	$ 1,552	$ 652	-	$ 69	$ 1,141	$ 15,354
Operating and other	(60)	(6,814)	(182)	(999)	(266)	$ (755)	-	(4)	(9,080)
Depreciation and amortization	(53)	(1,410)	(228)	(453)	(154)	-	-	-	(2,398)
Interest expense	-	(1,098)	(186)	(386)	18	-	-	-	(1,652)
Net income	$ 22	$ 1,584	$ 203	$ (286)	$ 250	$ (755)	$ 69	$ 1,137	$ 2,224
Company's equity in earnings (loss) of unconsolidated joint ventures	$ 12	$ 792	$ 101	-	$ 125	$ (227)	$ 20	$ 910	$ 1,733

	Three Months Ended June 30, 2011								
	Plaza VIII & IX Associates	Harborside South Pier	Red Bank Corporate Plaza	Gramercy Agreement	12 Vreeland	Boston-Downtown Crossing	Gale Jefferson	Stamford SM LLC	Combined Total
Total revenues	$ 255	$ 10,815	$ 865	$ 1,525	$ 594	-	$ 76	-	$ 14,130
Operating and other	(51)	(6,830)	(243)	(975)	(34)	$ (377)	-	-	(8,510)
Depreciation and amortization	(53)	(1,415)	(226)	(539)	(315)	-	-	-	(2,648)
Interest expense	-	(1,120)	(129)	(381)	(52)	-	-	-	(1,682)

Net income	$ 51	$ 1,450	$ 267	$ (370)	$ 193	$ (377)	$ 76	$ -	$ 1,290
Company's equity in earnings (loss) of unconsolidated joint ventures	$ 25	$ 568	$ 134	$ -	$ 96	$ (113)	$ 26	$ -	$ 736

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 six months ended June 30, 2012 and 2011: (dollars in thousands)

	Six Months Ended June 30, 2012								
	Plaza VIII & IX Associates	Harborside South Pier	Red Bank Corporate Plaza	Gramercy Agreement	12 Vreeland	Boston-Downtown Crossing	Gale Jefferson	Stamford SM LLC	Combined Total
Total revenues	$ 464	$ 19,067	$ 1,646	$ 2,898	$ 1,246	$ -	$ 129	$ 1,608	$ 27,058
Operating and other	(115)	(12,445)	(416)	(1,880)	(288)	$ (1,089)	-	(26)	(16,259)
Depreciation and amortization	(306)	(2,813)	(456)	(906)	(307)	-	-	-	(4,788)
Interest expense	-	(2,200)	(365)	(774)	(3)	-	-	-	(3,342)
Net income	$ 43	$ 1,609	$ 409	$ (662)	$ 648	$ (1,089)	$ 129	$ 1,582	$ 2,669
Company's equity in earnings (loss) of unconsolidated joint ventures	$ 22	$ 804	$ 204	$ -	$ 324	$ (327)	$ 40	$ 1,266	$ 2,333

	Six Months Ended June 30, 2011							
	Plaza VIII & IX	Harborside South Pier	Red Bank	Gramercy Agreement	12 Vreeland	Boston-Downtown	Gale Jefferson	Stamford SM LLC	Combined Total

	Associates		Corporate Plaza			Crossing			
Total revenues	$ 449	$ 18,450	$ 1,592	$ 3,334	$ 990	-	$ 142	-	$ 24,957
Operating and other	(102)	(12,564)	(370)	(1,892)	(52)	$ (751)	-	-	(15,731)
Depreciation and amortization	(306)	(2,839)	(451)	(1,332)	(631)	-	-	-	(5,559)
Interest expense	-	(2,245)	(209)	(783)	(88)	-	-	-	(3,325)
Net income	$ 41	$ 802	$ 562	$ (673)	$ 219	$ (751)	$ 142	-	$ 342
Company's equity in earnings (loss) of unconsolidated joint ventures	$ 20	$ 407	$ 281	-	$ 109	$ (225)	$ 43	-	$ 635

4. DEFERRED CHARGES AND OTHER ASSETS

(dollars in thousands)	June 30, 2012	December 31, 2011
Deferred leasing costs	$ 255,954	$ 261,106
Deferred financing costs	18,630	16,158
	274,584	277,264
Accumulated amortization	(117,616)	(123,597)
Deferred charges, net	156,968	153,667
In-place lease values, related intangible and other assets, net	21,672	28,055
Prepaid expenses and other assets, net	23,279	28,748
Total deferred charges and other assets, net	$ 201,919	$ 210,470

5. 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)

	June 30, 2012	December 31, 2011
Security deposits	$ 7,457	$ 7,198
Escrow and other reserve funds	13,361	13,518
Total restricted cash	$ 20,818	$ 20,716

6. DISCONTINUED OPERATIONS

The Company's office property located at 2200 Renaissance Boulevard in King of Prussia, Pennsylvania, aggregating 174,124 square feet, was collateral for a $16.2 million mortgage loan scheduled to mature on December 1, 2012. The Company had recorded an impairment charge on the property of $9.5 million at December 31, 2010. On March 28, 2012, the Company transferred the deed for 2200 Renaissance Boulevard to the lender in satisfaction of its obligations. As a result, the Company recorded a gain on the disposal of the office property of approximately $4.5 million.

At March 31, 2012, the Company identified as held for sale its 47,700 square foot office building located at 95 Chestnut Ridge Road in Montvale, New Jersey. The Company determined that the carrying amount of this property was not expected to be recovered from estimated net sales proceeds and, accordingly, recognized a valuation

allowance of $0.5 million at March 31, 2012. At March 31, 2012, the Company also identified as held for sale three office buildings totaling 222,258 square feet in Moorestown, New Jersey. The Company determined that the aggregate carrying amount of these properties was not expected to be recovered from estimated net sales proceeds and, accordingly, recognized a valuation allowance of $1.6 million at June 30, 2012. The four properties held for sale at June 30, 2012 carried an aggregate book value of $22.4 million, net of accumulated depreciation of $10.0 million, and a valuation allowance of $2.1 million. The fair values of these properties are categorized as a level 3 basis, and the Company considered purchase prices from prospective buyers (net of estimated selling costs) in determining the values.

The Company has presented all of the above properties as discontinued operations in its statements of operations for all 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 three and six month periods ended June 30, 2012 and 2011: (dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Total revenues	$ 938	$ 1,940	$ 2,466	$ 4,056
Operating and other expenses	(607)	(882)	(1,485)	(1,970)
Depreciation and amortization	(13)	(422)	(428)	(863)
Interest expense (net of interest income)	-	(447)	(428)	(894)
Income from discontinued operations before gains (losses) and unrealized losses on disposition of rental property	318	189	125	329
Realized gains (losses) and unrealized losses on disposition of rental property, net	(1,634)	-	2,378	-
Total discontinued operations, net	$ (1,316)	$ 189	$ 2,503	$ 329

7. SENIOR UNSECURED NOTES

On April 19, 2012, the Operating Partnership completed the sale of $300 million face amount of 4.50 percent senior unsecured notes due April 18, 2022 with interest payable semi-annually in arrears. The net proceeds from the issuance of $296.8 million, after underwriting discount and offering expenses, were used primarily to repay outstanding borrowings under the Company's unsecured revolving credit facility.

A summary of the Company's senior unsecured notes as of June 30, 2012 and December 31, 2011 is as follows: (dollars in thousands)

	June 30, 2012	December 31, 2011	Effective Rate (1)
5.250% Senior Unsecured Notes, due January 15, 2012 (2)	-	$ 99,988	5.457%
6.150% Senior Unsecured Notes, due December 15, 2012 (3)	-	94,438	6.894%
5.820% Senior Unsecured Notes, due March 15, 2013 (4)	-	25,972	6.448%
4.600% Senior Unsecured Notes, due June 15, 2013	$ 99,973	99,958	4.742%
5.125% Senior Unsecured Notes, due February 15, 2014	200,390	200,509	5.110%
5.125% Senior Unsecured Notes, due January 15, 2015	149,763	149,717	5.297%
5.800% Senior Unsecured Notes, due January 15, 2016	200,275	200,313	5.806%
7.750% Senior Unsecured Notes, due August 15, 2019	248,478	248,372	8.017%
4.500% Senior Unsecured Notes, due April 18, 2022	299,415	-	4.612%
Total Senior Unsecured Notes	$ 1,198,294	$ 1,119,267	

(1) Includes the cost of terminated treasury lock agreements (if any), offering and other transaction costs and the discount/premium on the notes, as applicable.
(2) These notes were paid at maturity, primarily from borrowing on the Company's unsecured revolving credit facility.
(3) On May 25, 2012, the Operating Partnership redeemed $94.9 million principal amount of its 6.15 percent senior unsecured notes due December 15, 2012 (the "2002 Notes"). The redemption price, including a make-whole premium, was 103.191672 percent of the principal amount of the 2002 Notes, plus accrued and unpaid interest up to the redemption date. The Operating Partnership funded the redemption price, including accrued and unpaid interest, of approximately $100.5 million from borrowing on its unsecured revolving credit facility, as well as cash on hand. In connection with the redemption, the Company recorded approximately $3.3 million as a loss from early extinguishment of debt.
(4) On May 25, 2012, the Operating Partnership redeemed $26.1 million principal amount of its 5.82 percent senior unsecured notes due March 15, 2013 (the "2003 Notes"). The redemption price, including a make-whole premium, was 103.868592 percent of the principal amount of the 2003 Notes, plus accrued and unpaid interest up to the redemption date. The Operating Partnership funded the redemption price, including accrued and unpaid interest, of approximately $27.4 million from borrowing on its unsecured revolving credit facility, as well as cash on hand. In connection with the redemption, the Company recorded approximately $1.1 million as a loss from early extinguishment of debt.

8. UNSECURED REVOLVING CREDIT FACILITY

On October 21, 2011, the Company amended and restated its unsecured revolving credit facility with a group of 20 lenders. The $600 million facility is expandable to $1 billion and matures in October 2015. It has a one year extension option with the payment of a 20 basis point fee. The interest rate on outstanding borrowings (not electing the Company's competitive bid feature) and the facility fee on the current borrowing capacity payable quarterly in arrears are based upon the Operating Partnership's unsecured debt ratings, as follows:

Operating Partnership's Unsecured Debt Ratings: Higher of S&P or Moody's	Interest Rate – Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3	185.0	45.0
BBB- or Baa3	150.0	35.0
BBB or Baa2(current)	125.0	25.0
BBB+or Baa1	107.5	20.0
A-or A3 or higher	100.0	17.5

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

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio, 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. If an event of default has occurred and is continuing, the Company will not make any excess distributions 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; Bank of America, N.A., as syndication agent; Deutsche Bank Trust Company Americas; US Bank National Association and Wells Fargo Bank, N.A., as documentation agents; Capital One, N.A.; Citicorp North America, Inc.; Comerica Bank; PNC Bank, National Association; SunTrust Bank; The Bank of New York Mellon; The Bank of Tokyo-Mitsubishi UFJ, LTD., as managing agents; and Compass Bank; Branch Banking and Trust Company; TD Bank, N.A.; Citizens Bank of Pennsylvania; Chang Hwa Commercial Bank, LTD., New York Branch; Mega International Commercial Bank Co., LTD., New York Branch; First Commercial Bank, New York Branch; and Hua Nan Commercial Bank, LTD., New York Agency, as participants.

As of June 30, 2012 and December 31, 2011, the Company had outstanding borrowings of $10 million and $56 million, respectively, under its unsecured revolving credit facility.

Through October 20, 2011, the Company had a $775 million unsecured revolving credit facility. The interest rate on outstanding borrowings was LIBOR plus 55 basis points.

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 June 30, 2012 and December 31, 2011, the Company had no outstanding borrowings under the Money Market Loan.

9. 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 June 30, 2012, 31 of the Company's properties, with a total book value of approximately $919.1 million are encumbered by the Company's mortgages and loans payable. Payments on mortgages, loans payable and other obligations are generally due in monthly installments of principal and interest, or interest only.

A summary of the Company's mortgages, loans payable and other obligations as of June 30, 2012 and December 31, 2011 is as follows: (dollars in thousands)

Property Name	Lender	Effective Rate (a)	June 30, 2012	December 31, 2011	Maturity
2200 Renaissance Boulevard (b)	Wachovia CMBS	5.888%	-	$ 16,171	-
One Grande Commons (c)	Capital One Bank	LIBOR+2.00%	$ 11,000	11,000	02/31/12
Soundview Plaza	Morgan Stanley Mortgage Capital	6.015%	15,240	15,530	01/01/13
9200 Edmonston Road	Principal Commercial Funding L.L.C.	5.534%	4,393	4,470	05/01/13
6305 Ivy Lane	John Hancock Life Insurance Co.	5.525%	6,125	6,246	01/01/14
395 West Passaic	State Farm Life Insurance Co.	6.004%	10,526	10,780	05/01/14
6301 Ivy Lane	John Hancock Life Insurance Co.	5.520%	5,793	5,899	07/01/14
35 Waterview Boulevard	Wachovia CMBS	6.348%	18,901	19,050	08/11/14
6 Becker, 85 Livingston, 75 Livingston & 20 Waterview	Wachovia CMBS	10.220%	62,614	62,120	08/11/14
4 Sylvan	Wachovia CMBS	10.190%	14,461	14,438	08/11/14
10 Independence	Wachovia CMBS	12.440%	16,074	15,908	08/11/14
4 Becker	Wachovia CMBS	9.550%	38,016	37,769	05/11/16
5 Becker	Wachovia CMBS	12.830%	12,274	12,056	05/11/16
210 Clay	Wachovia CMBS	13.420%	12,053	11,844	05/11/16
51 Imclone	Wachovia CMBS	8.390%	3,882	3,886	05/11/16
Various (d)	Prudential Insurance	6.332%	150,000	150,000	01/15/17
23 Main Street	JPMorgan CMBS	5.587%	30,725	31,002	09/01/18
Harborside Plaza 5	The Northwestern Mutual Life	6.842%	230,068	231,603	01/01/18

	Insurance Co. & New York Life Insurance Co.					
	Guardian Life	7.311%		19,135	19,240	02/01/19
100 Walnut Avenue	Insurance Co.					
	Guardian Life	7.311%		43,835	44,079	02/01/19
One River Center (e)	Insurance Co.					
	Valley National	6.935%	(g)	16,187	16,338	07/01/34
581 Main Street (f)	Bank					
Total mortgages, loans payable and other obligations				$721,302	$ 739,448	

(a) Reflects effective rate of debt, including deferred financing costs, comprised of the cost of terminated treasury lock agreements (if any), debt initiation costs, mark-to-market adjustment of acquired debt and other transaction costs, as applicable.
(b) On March 28, 2012, the Company transferred the deed for 2200 Renaissance Boulevard to the lender in satisfaction of its obligations. See Note 6: Discontinued Operations.
(c) The mortgage loan has two one-year extension options subject to certain conditions and the payment of a fee.
(d) Mortgage is collateralized by seven properties. The Operating Partnership has agreed, subject to certain conditions, to guarantee repayment of a portion of the loan.
(e) Mortgage is collateralized by the three properties comprising One River Center.
(f) The Operating Partnership has agreed, subject to certain conditions, to guarantee repayment of a portion of the loan.
(g) The coupon interest rate will be reset at the end of year 10 (2019) and year 20 (2029) 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.

CASH PAID FOR INTEREST AND INTEREST CAPITALIZED

Cash paid for interest for the six months ended June 30, 2012 and 2011 was $61,144,000 and $58,664,000, respectively. Interest capitalized by the Company for the six months ended June 30, 2012 and 2011 was $536,000 and $753,000, respectively.

SUMMARY OF INDEBTEDNESS

As of June 30, 2012, the Company's total indebtedness of $1,929,596,000 (weighted average interest rate of 6.32 percent) was comprised of $21,000,000 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 1.89 percent) and fixed rate debt and other obligations of $1,908,596,000 (weighted average rate of 6.37 percent).

As of December 31, 2011, the Company's total indebtedness of $1,914,215,000 (weighted average interest rate of 6.46 percent) was comprised of $66,500,000 of revolving credit facility borrowings and other variable rate mortgage debt (weighted average rate of 1.77 percent) and fixed rate debt and other obligations of $1,847,715,000 (weighted average rate of 6.63 percent).

10. 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. The Company did not make any contributions nor recognize any expense for the 401(k) Plan for each of the six months ended June 30, 2012 and 2011, respectively.

11. 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 June 30, 2012 and December 31, 2011. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash equivalents, receivables, accounts payable, and accrued expenses and other liabilities are carried at amounts which reasonably approximate their fair values as of June 30, 2012 and December 31, 2011.

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 aggregated approximately $2.1 billion and $2.1 billion as

compared to the book value of approximately $1.9 billion and $1.9 billion as of June 30, 2012 and December 31, 2011, respectively. The fair value of the Company's long-term debt is categorized as a level 3 basis (as provided by ASC 820, Fair Value Measurements and Disclosures). The fair value is estimated using a discounted cash flow analysis valuation 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 June 30, 2012 and December 31, 2011. 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 June 30, 2012 and current estimates of fair value may differ significantly from the amounts presented herein.

12. COMMITMENTS AND CONTINGENCIES

TAX ABATEMENT AGREEMENTS

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, as amended, which commenced in 2002, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs, as defined. Total Project Costs are $49.5 million. The PILOT totaled $247,000 and $247,000 for the three months ended June 30, 2012 and 2011, respectively, and $495,000 and $495,000 for the six months ended June 30, 2012 and 2011, respectively.

The Harborside Plaza 5 agreement, as amended, which commenced in 2002, is for a term of 20 years. The PILOT is equal to two percent of Total Project Costs, as defined. Total Project Costs are $170.9 million. The PILOT totaled $854,000 and $854,000 for the three months ended June 30, 2012 and 2011, respectively, and $1.7 and $1.7 million for the six months ended June 30, 2012 and 2011, respectively.

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 June 30, 2012, are as follows: (dollars in thousands)

Year		Amount
July 1 through December 31, 2012	$	183
2013		351
2014		367
2015		371
2016		371
2017 through 2084		16,318
Total	$	17,961

Ground lease expense incurred by the Company during the three months ended June 30, 2012 and 2011 amounted to $102,000 and $102,000, respectively, and $203,000 and $203,000 for the six months ended June 30, 2012 and 2011, respectively.

OTHER

The Company may not dispose of or distribute certain of its properties, currently comprised of seven properties with an aggregate net book value of approximately $130.0 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 Robert F. Weinberg, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, a former director, and John J. Cali, a former director). 128 of the Company's properties, with an aggregate net book value of $1.7 billion, have lapsed restrictions and are subject to these conditions.

In August 2011, the Company commenced construction of a 203,000 square foot office building which is pre-leased for 15 years and three months, subject to two extension options of between five and 10 years each, to Wyndham Worldwide. Wyndham currently leases space in neighboring buildings in the Mack-Cali Business Campus in Parsippany, New Jersey. The new building is expected to be delivered to the tenant in the first quarter of 2013 at a total estimated cost, including leasing costs, of approximately $53.5 million (of which the Company has incurred $22.8 million through June 30, 2012, including $12.9 million of land costs).

In December 2011, the Company entered into a development agreement (the "Development Agreement") with Ironstate Development LLC ("Ironstate") for the development of residential towers with associated parking and ancillary retail space on land owned by the Company at its Harborside Financial Center complex in Jersey City, New Jersey (the "Harborside Residential Project"). The first phase of the project is expected to consist of a parking pedestal to support a high-rise tower of approximately 750 apartment units and estimated to cost approximately $230 million. The parties anticipate the first phase will be ready for occupancy by approximately the second quarter of 2015.

Pursuant to the Development Agreement, the Company and Ironstate shall co-develop the Harborside Residential Project with Ironstate responsible for obtaining all required development permits and approvals. Major decisions with respect to the Harborside Residential Project will require the consent of the Company and Ironstate. The Company and Ironstate will have 85 and 15 percent interests, respectively, in the Harborside Residential Project. The Company will receive capital credit of $30 per approved developable square foot for its land.

The Development Agreement is subject to obtaining required approvals and development financing as well as numerous customary undertakings, covenants, obligations and conditions. The Company has the right to reasonably determine that any phase of the Harborside Residential Project is not economically viable and may elect not to proceed, subject to certain conditions, with no further obligations to Ironstate other than reimbursement to Ironstate of all or a portion of the costs incurred by it to obtain any required approvals.

13. TENANT LEASES

The Properties are leased to tenants under operating leases with various expiration dates through 2033. 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 June 30, 2012 are as follows (dollars in thousands):

Year		Amount
July 1 through December 31, 2012	$	289,690
2013		545,825
2014		480,072
2015		408,954
2016		358,341
2017 and thereafter		1,389,960
Total	$	3,472,842

26

14. 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 Charter provides, among other things, certain restrictions on the transfer of common stock to prevent further concentration of stock ownership. Moreover, to evidence compliance with these requirements, the 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.

PREFERRED STOCK

The Company had 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 represented 1/100th of a share of Series C Preferred Stock. The Series C Preferred Stock was essentially on an equivalent basis in priority with the preferred units of the Operating Partnership (See Note 15: Noncontrolling interests in subsidiaries). On October 28, 2011, the Company redeemed its Series C Preferred Stock, at a price of $2,500 per share, plus accrued and unpaid dividends through the date prior to the redemption date. The write off of preferred stock issuance costs of $164,000 was included in preferred stock dividends for the year ended December 31, 2011.

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 June 30, 2012 under the Repurchase Program (none of which has occurred in 2011 and the six months ended June 30, 2012). 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.

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 June 30, 2012 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, and the 2000 Employee Plan and 2000 Director Plan expired in 2010, 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 became exercisable over a five-year period. All stock options granted under both the 2000 Director Plan and Director Plan became exercisable in one year. All options were granted at the fair market value at the dates of grant and have terms of ten years. As of June 30, 2012 and December 31, 2011, the stock options outstanding, which were all exercisable, had a weighted average remaining contractual life of approximately 0.6 and 1.1 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 as January 1, 2012	183,870	$ 29.51	-
Exercised/Cancelled	-	-	
Outstanding at June 30, 2012 ($28.47 – $45.47)	183,870	$ 29.51	-
Options exercisable at June 30, 2012	183,870		
Available for grant at June 30, 2012	2,347,153		

Cash received from options exercised under all stock option plans was zero and $1,193,000 for the three months ended June 30, 2012 and 2011, respectively, and zero and $1,463,000 for the six months ended June 30, 2012 and 2011, respectively. The total intrinsic value of options exercised during the three months ended June 30, 2012 and 2011 was zero and $312,000, respectively, and zero and $356,000 for the six months ended June 30, 2012 and 2011, respectively. The Company has a policy of issuing new shares to satisfy stock option exercises.

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 105,843 unvested shares were outstanding at June 30, 2012. Of the outstanding Restricted Stock Awards issued to executive officers and senior management, 40,877 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 2004 Incentive Stock Plan, 2000 Employee Plan and the Employee Plan. Restricted Stock Awards provided to directors were issued under the 2004 Incentive Stock Plan and the 2000 Director Plan.

Information regarding the Restricted Stock Awards is summarized below:

	Shares	Weighted-Average Grant – Date Fair Value
Outstanding at January 1, 2012	187,447	$ 33.82
Vested	(81,604)	34.42
Outstanding at June 30, 2012	105,843	$ 33.36

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 six months ended June 30, 2012 and 2011, 8,392 and 6,385 deferred stock units were earned, respectively. As of June 30, 2012 and December 31, 2011, there were 106,512 and 98,009 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 three months ended June 30, 2012 and 2011 in accordance with ASC 260, Earnings Per Share: (in thousands, except per share amounts)

	Three Months Ended June 30,	
Computation of Basic EPS	2012	2011
Income from continuing operations	$ 12,727	$ 20,102
Add: Noncontrolling interest in consolidated joint ventures	92	102
Deduct: Noncontrolling interest in Operating Partnership	(1,562)	(2,536)
Deduct: Preferred stock dividends	-	(500)
Income from continuing operations available to common shareholders	11,257	17,168
Income (loss) from discontinued operations available to common shareholders	(1,156)	165
Net income available to common shareholders	10,101	17,333
Weighted average common shares	87,817	86,936
Basic EPS:		
Income from continuing operations available to common shareholders	$ 0.12	$ 0.20
Income (loss) from discontinued operations available to common shareholders	(0.01)	-
Net income available to common shareholders	$ 0.11	$ 0.20

	Three Months Ended June 30,	
Computation of Diluted EPS	2012	2011
Income from continuing operations available to common shareholders	$ 11,257	$ 17,168
Add: Noncontrolling interest in Operating Partnership	1,562	2,536
Income from continuing operations for diluted earnings per share	12,819	19,704
Income (loss) from discontinued operations for diluted earnings per share	(1,316)	189
Net income available to common shareholders	$ 11,503	$ 19,893
Weighted average common shares	100,069	99,887
Diluted EPS:		

Income from continuing operations available to common shareholders	$ 0.12	$ 0.20
Income (loss) from discontinued operations available to common shareholders	(0.01)	-
Net income available to common shareholders	$ 0.11	$ 0.20

The following information presents the Company's results for the six months ended June 30, 2012 and 2011 in accordance with ASC 260, Earnings Per Share: (in thousands, except per share amounts)

	Six Months Ended June 30,	
Computation of Basic EPS	2012	2011
Income from continuing operations	$ 38,175	$ 38,537
Add: Noncontrolling interest in consolidated joint ventures	171	212
Deduct: Noncontrolling interest in Operating Partnership	(4,675)	(4,973)
Deduct: Preferred stock dividends	-	(1,000)
Income from continuing operations available to common shareholders	33,671	32,776
Income (loss) from discontinued operations available to common shareholders	2,197	286
Net income available to common shareholders	$ 35,868	$ 33,062
Weighted average common shares	87,808	84,953
Basic EPS:		
Income from continuing operations available to common shareholders	$ 0.38	$ 0.39
Income (loss) from discontinued operations available to common shareholders	0.03	-
Net income available to common shareholders	$ 0.41	$ 0.39

	Six Months Ended June 30,	
Computation of Diluted EPS	2012	2011
Income from continuing operations available to common shareholders	$ 33,671	$ 32,776
Add: Noncontrolling interest in Operating Partnership	4,675	4,973
Income from continuing operations for diluted earnings per share	38,346	37,749
Income (loss) from discontinued operations for diluted earnings per share	2,503	329
Net income available to common shareholders	$ 40,849	$ 38,078
Weighted average common shares	100,065	97,963
Diluted EPS:		
Income from continuing operations available to common shareholders	$ 0.38	$ 0.39

Income (loss) from discontinued operations available to common shareholders	0.03	-
Net income available to common shareholders	$ 0.41	$ 0.39

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Basic EPS shares	87,817	86,936	87,808	84,953
Add: Operating Partnership – common units	12,183	12,840	12,188	12,896
Stock options	-	37	-	40
Restricted Stock Awards	69	74	69	74
Diluted EPS Shares	100,069	99,887	100,065	97,963

Unvested restricted stock outstanding as of June 30, 2012 and 2011 were 105,843 and 157,681, respectively.

Dividends declared per common share for each of the three month periods ended June 30, 2012 and 2011 was $0.45 per share. Dividends declared per common share for each of the six month periods ended June 30, 2012 and 2011 was $0.90 per share.

15. NONCONTROLLING INTERESTS IN SUBSIDIARIES

Noncontrolling interests in subsidiaries in the accompanying consolidated financial statements relate to (i) 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.

OPERATING PARTNERSHIP

Preferred Units
In connection with the Company's issuance of $25 million of Series C Preferred Stock, the Company acquired from the Operating Partnership $25 million of Series C Preferred Units (the "Series C Preferred Units"), which had terms essentially identical to the Series C Preferred Stock. In connection with the Company's redemption of Series C Preferred Stock on October 28, 2011, the Operating Partnership redeemed from the company all issued and outstanding Series C Preferred Units. See Note 14: 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 six months ended June 30, 2012:

	Common Units
Balance at January 1, 2012	12,197,122
Redemption of common units for shares of common stock	(20,000)
Balance at June 30, 2012	12,177,122

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 six months ended June 30, 2012, the Company has increased noncontrolling interests in the Operating Partnership and decreased additional paid-in capital in Mack-Cali Realty Corporation stockholders' equity by approximately $0.2 million as of June 30, 2012.

NONCONTROLLING INTEREST OWNERSHIP

As of June 30, 2012 and December 31, 2011, the noncontrolling interest common unitholders owned 12.2 percent and 12.2 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.

PARTICIPATION RIGHTS

The Company's interests in certain real estate projects (four office buildings aggregating 860,246 square feet and two future developments) acquired in 2006 each provide for the initial distributions of net cash flow solely to the Company, and thereafter, other parties, including Mark Yeager, a former executive officer of the Company, have participation rights ("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.

16. 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 six months ended June 30, 2012 and 2011. The Company had no long lived assets in foreign locations as of June 30, 2012 and December 31, 2011. 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 three and six months ended June 30, 2012 and 2011 and selected asset information as of June 30, 2012 and December 31, 2011 regarding the Company's operating segments are as follows (dollars in thousands):

	Real Estate	Construction Services	Corporate & Other (d)	Total Company
Total revenues:				
Three months ended:				
June 30, 2012	$ 173,202	$ 4,739	$ 521	$ 178,462
June 30, 2011	175,576	2,905	687	179,168
Six months ended:				
June 30, 2012	$ 352,089	8,572	$ 781	$ 361,442
June 30, 2011	355,313	6,819	1,249	363,381
Total operating and interest expenses(a):				
Three months ended:				
June 30, 2012	$ 66,273	$ 4,687	$ 44,102	$ 115,062(e)
June 30, 2011	68,470	3,264	40,222	111,956(f)
Six months ended:				
June 30, 2012	$ 131,502	$ 8,577	$ 85,293	$ 225,372(g)
June 30, 2011	143,351	7,386	79,189	229,926(h)
Equity in earnings (loss) of unconsolidated joint ventures:				
Three months ended:				
June 30, 2012	$ 1,733	-	-	$ 1,733
June 30, 2011	736	-	-	736
Six months ended:				
June 30, 2012	$ 2,333	-	-	$ 2,333
June 30, 2011	635	-	-	635
Net operating income (b):				
Three months ended:				
June 30, 2012	$ 108,662	$ 52	$ (43,581)	$ 65,133(e)
June 30, 2011	107,842	(359)	(39,535)	67,948(f)
Six months ended:				
June 30, 2012	$ 222,920	$ (5)	$ (84,512)	$ 138,403(g)
June 30, 2011	212,597	(567)	(77,940)	134,090(h)
Total assets:				
June 30, 2012	$ 4,249,417	$ 8,063	$ 12,727	$ 4,270,207
December 31, 2011	4,272,469	7,022	16,268	4,295,759
Total long-lived assets (c):				
June 30, 2012	$ 4,016,269	-	$ 2,955	$ 4,019,224

December 31, 2011	4,034,651	-	2,272	4,036,923

(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 $47,991 of depreciation and amortization.

(f) Excludes $47,846 of depreciation and amortization.

(g) Excludes $95,813 of depreciation and amortization.

(h) Excludes $95,553 of depreciation and amortization.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

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 60 years and has been a publicly-traded REIT since 1994. The Company owns or has interests in 277 properties (collectively, the "Properties"), primarily class A office and office/flex buildings, totaling approximately 32.2 million square feet, leased to over 2,000 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 11.5 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 87.6 percent at June 30, 2012 as compared to 87.9 percent at March 31, 2012 and 88.1 percent at June 30, 2011. 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 June 30, 2012, March 31, 2012 and June 30, 2011 aggregate 198,109, 148,404 and 132,351 square feet, respectively, or 0.6, 0.5 and 0.4 percentage of the net rentable square footage, respectively. Rental rates (including escalations) on the Company's space that was renewed (based on first rents payable) during the three months ended June 30, 2012 (on 400,442 square feet of renewals) decreased an average of 3.1 percent compared to rates that were in effect under the prior leases, as compared to a 6.3 percent decrease during the three months ended June 30, 2011 (on 523,852 square feet of renewals). Estimated lease costs for the renewed leases during the three months ended June 30, 2012 averaged $2.11 per square foot per year for a weighted average lease term of 3.7 years, and estimated lease costs for the renewed leases for the three months ended June 30, 2011 averaged $2.22 per square foot per year for a weighted average lease term of 4.5 years. The Company believes that vacancy rates may continue to increase and rental rates may continue to decline in some of its markets through 2012 and possibly beyond. As of June 30, 2012, leases which comprise approximately 11.5 percent of the Company's annualized base rent are scheduled to expire during the year ended December 31, 2013. With the decline of rental rates in our markets over the past few years, as leases expire in 2013, assuming no further changes in current market rental rates, the Company expects that the rental rates it is likely to achieve on new leases will generally be lower than the rates currently being paid, thereby resulting in less revenue from the same space. As a result of the above factors, 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 high unemployment will continue to have a negative effect on the fundamentals of its business, including lower occupancy, reduced effective rents, and increases in defaults and past due accounts. 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.

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

.
- critical accounting policies and estimates;
- results of operations for the three and six months ended June 30, 2012 as compared to the three and six months ended June 30, 2011; and
- liquidity and capital resources.

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. 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, primarily based on a percentage of the relative square footage of each portion, and capitalizes only those costs associated with the portion under construction.

35

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. In addition to identifying any specific circumstances which may affect a property or

properties, management considers other criteria for determining which properties may require assessment for potential impairment. The criteria considered by management include reviewing low leased percentages, significant near-term lease expirations, recently acquired properties, current and historical operating and/or cash flow losses, near-term mortgage debt maturities or other factors that might impact the Company's intent and ability to hold the property. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying 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. These assumptions are generally based on management's experience in its local real estate markets and the effects of current market conditions. The assumptions are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved, and actual losses or impairments may be realized in the future.

Rental Property Held for Sale 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 VIEs (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 January 1, 2010, the Company adopted the updated provisions of ASC 810, which amends FIN 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. Additionally, ASC 810 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. ASC 810 amends certain guidance in Interpretation 46(R) for determining whether an entity is a variable interest entity. Also, ASC 810 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. The adoption of this guidance did not have a material impact to the Financial Statements. See Note 3: Investments in Unconsolidated Joint Ventures to the Financial Statements for disclosures regarding the Company's unconsolidated joint ventures.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying 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, and actual losses or impairment may be realized in the future.

Revenue Recognition:
Base rental revenue is recognized on a straight-line basis over the terms of the respective leases. Unbilled rents receivable represents the cumulative amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease agreements. Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the 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 three and six months ended June 30, 2012 ("2012"), as compared to the three and six months ended June 30, 2011 ("2011"), make reference to the following: (i) the effect of the "Same-Store Properties," which represent all in-service properties owned by the Company at March 31, 2011 (for the three-month period comparisons), and which represent all in-service properties owned by the Company at December 31, 2010 (for the six-month period comparisons), excluding properties sold or held for sale through June 30, 2012, 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 April 1, 2011 through June 30, 2012 (for the three-month period comparisons), and which represents all properties acquired by the Company, commencing initial operations, or initially consolidated by the Company from January 1, 2011 through June 30, 2012 (for the six-month period comparisons).

Three Months Ended June 30, 2012 Compared to Three Months Ended June 30, 2011

	Three Months Ended June 30,		Dollar	Percent
(dollars in thousands)	2012	2011	Change	Change
Revenue from rental operations and other:				
Base rents	$148,618	$147,992	$ 626	0.4%
Escalations and recoveries from tenants	20,787	23,748	(2,961)	(12.5)
Other income	3,341	3,450	(109)	(3.2)
Total revenues from rental operations	172,746	175,190	(2,444)	(1.4)
Property expenses:				
Real estate taxes	24,900	24,133	767	3.2
Utilities	14,444	16,657	(2,213)	(13.3)
Operating services	27,845	28,267	(422)	(1.5)
Total property expenses	67,189	69,057	(1,868)	(2.7)
Non-property revenues:				
Construction services	4,603	2,826	1,777	62.9
Real estate services	1,113	1,152	(39)	(3.4)
Total non-property revenues	5,716	3,978	1,738	43.7
Non-property expenses:				
Direct construction costs	4,337	2,784	1,553	55.8
General and administrative	11,898	9,209	2,689	29.2
Depreciation and amortization	47,991	47,846	145	0.3
Total non-property expenses	64,226	59,839	4,387	7.3
Operating income	47,047	50,272	(3,225)	(6.4)
Other (expense) income:				
Interest expense	(31,645)	(30,916)	(729)	(2.4)
Interest and other investment income	7	10	(3)	(30.0)
Equity in earnings (loss) of unconsolidated joint ventures	1,733	736	997	135.5
Loss from early extinguishment of debt	(4,415)	-	(4,415)	-
Total other (expense) income	(34,320)	(30,170)	(4,150)	(13.8)

Income from continuing operations	12,727	20,102	(7,375)	(36.7)
Discontinued operations:				
Income (loss) from discontinued operations	318	189	129	68.3
Realized gains (losses) and unrealized losses on disposition of rental property, net	(1,634)	-	(1,634)	-
Total discontinued operations, net	(1,316)	189	(1,505)	(796.3)
Net income	11,411	20,291	(8,880)	(43.8)
Noncontrolling interest in consolidated joint ventures	92	102	(10)	(9.8)
Noncontrolling interest in Operating Partnership	(1,562)	(2,536)	974	38.4
Noncontrolling interest in discontinued operations	160	(24)	184	766.7
Preferred stock dividends	-	(500)	500	100.0
Net income available to common shareholders	$10,101	$ 17,333	$(7,232)	(41.7)%

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

(dollars in thousands)	Total Company Dollar Change	Total Company Percent Change	Same-Store Properties Dollar Change	Same-Store Properties Percent Change	Acquired Properties Dollar Change	Acquired Properties Percent Change
Revenue from rental operations and other:						
Base rents	$ 626	0.4%	$ 225	0.1%	$ 401	0.3%
Escalations and recoveries from tenants	(2,961)	(12.5)	(2,961)	(12.5)	-	-
Other income	(109)	(3.2)	(109)	(3.2)	-	-
Total	$ (2,444)	(1.4)%	$ (2,845)	(1.6)%	$ 401	0.2%
Property expenses:						
Real estate taxes	$ 767	3.2%	$ 767	3.2%	-	-
Utilities	(2,213)	(13.3)	(2,213)	(13.3)	-	-
Operating services	(422)	(1.5)	(422)	(1.5)	-	-
Total	$ (1,868)	(2.7)%	$ (1,868)	(2.7)%	-	-
OTHER DATA:						
Number of Consolidated Properties (excluding properties held for sale):	264		263		1	
Square feet (in thousands)	30,755		30,551		204	

Base rents for the Same-Store Properties were relatively unchanged for 2012 as compared to 2011. Escalations and recoveries from tenants for the Same-Store Properties decreased $3.0 million, or 12.5 percent, for 2012 over 2011, due primarily to lower property expenses in 2012, as compared to 2011. Other income for the Same-Store Properties decreased $0.1 million, or 3.2 percent, for 2012 as compared to 2011, due primarily to a decrease in parking fees recognized in 2012 as compared to 2011.

Real estate taxes on the Same-Store Properties increased $0.8 million, or 3.2 percent, for 2012 as compared to 2011, due primarily to less refunds on tax appeals received in 2012 as compared to 2011 for certain properties. Utilities for the Same-Store Properties decreased $2.2 million, or 13.3 percent, for 2012 as compared to 2011, due primarily to lower rates and usage in 2012 as compared to 2011. Operating services for the Same-Store Properties decreased $0.4 million, or 1.5 percent, for 2012 as compared to 2011, due primarily to a decrease in maintenance costs for 2012 as compared to 2011.

Construction services revenue increased $1.8 million, or 62.9 percent, in 2012 as compared to 2011, due to increased construction contracts in 2012. Real estate services revenue was relatively unchanged, for 2012 as compared to 2011.

Direct construction costs increased $1.6 million, or 55.8 percent, in 2012 as compared to 2011, due primarily to increased construction contracts in 2012. General and administrative expense increased $2.7 million, or 29.2 percent, for 2012 as compared to 2011, which was due primarily to an increase in pre-acquisition costs in 2012 as compared to 2011.

Depreciation and amortization increased by $0.1 million, or 0.3 percent, for 2012 over 2011. This increase was due primarily to the effect of the Acquired Properties.

Interest expense increased $0.7 million or 2.4 percent for 2012 as compared to 2011. This increase was primarily a result of higher average debt balances in 2012 as compared to 2011, partially offset by lower average borrowing rates.

Interest and other investment income was relatively unchanged for 2012 as compared to 2011.

Equity in earnings (loss) of unconsolidated joint ventures increased $1.0 or 135.5 percent, for 2012 as compared to 2011 due primarily to income of $0.9 million in 2012 in the Stamford SM LLC venture, entered into in February 2012, and increased income of $0.2 million in the Harborside South Pier venture for 2012 as compared to 2011.

In 2012, the Company recognized a loss from early extinguishment of debt of $4.4 million, due to the early redemption of senior unsecured notes.

Income from continuing operations decreased to $12.7 million in 2012 from $20.1 million in 2011. The decrease of $7.4 million was due to the factors discussed above.

Realized gains (losses) and unrealized losses on disposition of rental property in 2012 of a $1.6 million unrealized loss was comprised of a valuation allowance of $1.6 million related to properties identified as held for sale. The properties held for sale and a property disposed of in the first quarter 2012 are classified as discontinued operations for 2012 and 2011. Loss from discontinued operations increased $0.1 million for 2012 as compared to 2011.

Net income available to common shareholders decreased by $7.2 million, from $17.3 million in 2011 to approximately $10.1 million in 2012. This decrease was the result of a decrease in income from continuing operations of $7.4 million for 2012 as compared to 2011, and an unrealized loss of $1.6 million in 2012. These were partially offset by a decrease in noncontrolling interest in Operating Partnership of $1.0 million for 2012 as compared to 2011, a decrease in preferred stock dividends of $0.5 million, an increase in noncontrolling interest in discontinued operations of $0.2 million for 2012 as compared to 2011, and an increase in income from discontinued operations of $0.1 million for 2012 as compared to 2011.

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

(dollars in thousands)	Six Months Ended June 30, 2012	2011	Dollar Change	Percent Change
Revenue from rental operations and other:				
Base rents	$ 297,285	$295,703	$ 1,582	0.5%
Escalations and recoveries from tenants	40,937	50,928	(9,991)	(19.6)
Other income	12,833	7,741	5,092	65.8
Total revenues from rental operations	351,055	354,372	(3,317)	(0.9)
Property expenses:				
Real estate taxes	47,803	48,928	(1,125)	(2.3)
Utilities	30,546	36,399	(5,853)	(16.1)
Operating services	54,449	58,613	(4,164)	(7.1)
Total property expenses	132,798	143,940	(11,142)	(7.7)
Non-property revenues:				
Construction services	8,066	6,625	1,441	21.8
Real estate services	2,321	2,384	(63)	(2.6)
Total non-property revenues	10,387	9,009	1,378	15.3
Non-property expenses:				
Direct construction costs	7,615	6,366	1,249	19.6
General and administrative	22,705	17,832	4,873	27.3
Depreciation and amortization	95,813	95,553	260	0.3
Total non-property expenses	126,133	119,751	6,382	5.3
Operating income	102,511	99,690	2,821	2.8
Other (expense) income:				
Interest expense	(62,274)	(61,808)	(466)	(0.8)
Interest and other investment income	20	20	-	-
Equity in earnings (loss) of unconsolidated joint ventures	2,333	635	1,698	267.4
Loss from early extinguishment of debt	(4,415)	-	(4,415)	-
Total other (expense) income	(64,336)	(61,153)	(3,183)	(5.2)
Income from continuing operations	38,175	38,537	(362)	(0.9)
Discontinued operations:				
Income (loss) from discontinued operations	125	329	(204)	(62.0)
Realized gains (losses) and unrealized losses on disposition of rental property, net	2,378	-	2,378	-
Total discontinued operations, net	2,503	329	2,174	660.8
Net income	40,678	38,866	1,812	4.7
Noncontrolling interest in consolidated joint ventures	171	212	(41)	(19.3)
Noncontrolling interest in Operating Partnership	(4,675)	(4,973)	298	6.0
Noncontrolling interest in discontinued operations	(306)	(43)	(263)	(611.6)
Preferred stock dividends	-	(1,000)	1,000	100.0
Net income available to common shareholders	$ 35,868	$ 33,062	$ 2,806	8.5%

42

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

	Total Company		Same-Store Properties		Acquired Properties	
(dollars in thousands)	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations and other:						
Base rents	$ 1,582	0.5%	$ (23)	0.0%	$ 1,605	0.5%
Escalations and recoveries from tenants	(9,991)	(19.6)	(9,991)	(19.6)	-	-
Other income	5,092	65.8	5,092	65.8	-	-
Total	$ (3,317)	(0.9)%	$ (4,922)	(1.4)%	$ 1,605	0.5%
Property expenses:						
Real estate taxes	$ (1,125)	(2.3)%	$ (1,125)	(2.3)%	-	-
Utilities	(5,853)	(16.1)	(5,853)	(16.1)	-	-
Operating services	(4,164)	(7.1)	(4,164)	(7.1)	-	-
Total	$ (11,142)	(7.7)%	$ (11,142)	(7.7)%	-	-
OTHER DATA:						
Number of Consolidated Properties (excluding properties held for sale):	264		263		1	
Square feet (in thousands)	30,755		30,551		204	

Base rents for the Same-Store Properties were relatively unchanged for 2012 as compared to 2011. Escalations and recoveries from tenants for the Same-Store Properties decreased $10.0 million, or 19.6 percent, for 2012 over 2011, due primarily to lower property expenses in 2012, as compared to 2011. Other income for the Same-Store Properties increased $5.1 million, or 65.8 percent, for 2012 as compared to 2011, due primarily to an increase in lease breakage fees recognized in 2012 as compared to 2011.

Real estate taxes on the Same-Store Properties decreased $1.1 million, or 2.3 percent, for 2012 as compared to 2011, due primarily to greater refunds on tax appeals received in 2012 as compared to 2011 for certain properties. Utilities for the Same-Store Properties decreased $5.9 million, or 16.1 percent, for 2012 as compared to 2011, due primarily to lower rates and usage in 2012 as compared to 2011. Operating services for the Same-Store Properties decreased $4.2 million, or 7.1 percent, for 2012 as compared to 2011, due primarily to a decrease in snow removal costs for 2012 as compared to 2011, as a result of a milder winter in 2012.

Construction services revenue increased $1.4 million, or 21.8 percent, in 2012 as compared to 2011, due to increased construction contracts in 2012. Real estate services revenue was relatively unchanged, for 2012 as compared to 2011.

Direct construction costs increased $1.2 million, or 19.6 percent, in 2012 as compared to 2011, due primarily to increased construction contracts in 2012. General and administrative expense increased $4.9 million, or 27.3 percent, for 2012 as compared to 2011, which was due primarily to an increase in pre-acquisition costs of $2.5 million in 2012 as compared to 2011, $1.4 million in costs related to the departure of one of the Company's executive vice presidents in 2012 and an increase in marketing expenses of $0.7 million in 2012 as compared to 2011.

Depreciation and amortization increased by $0.3 million, or 0.3 percent, for 2012 over 2011. This increase was due primarily to the effect of the Acquired Properties.

Interest expense increased $0.5 million or 0.8 percent for 2012 as compared to 2011. This increase was primarily a result of higher average debt balances in 2012 as compared to 2011, partially offset by lower average borrowing rates.

Interest and other investment income was relatively unchanged for 2012 as compared to 2011.

Equity in earnings (loss) of unconsolidated joint ventures increased $1.7 million or 267.4 percent, for 2012 as compared to 2011 due primarily to income of $1.3 million in 2012 in the Stamford SM LLC venture entered into on February 2012, and increased income of $0.4 million in the Harborside South Pier venture.

In 2012, the Company recognized a loss from early extinguishment of debt of $4.4 million, due to the early redemption of senior unsecured notes.

Income from continuing operations decreased to approximately $38.1 million in 2012 from $38.5 million in 2011. The decrease of $0.4 million was due to the factors discussed above.

Realized gains (losses) and unrealized losses on disposition of rental property in 2012 of $2.4 million was comprised of a realized gain of $4.5 million on the disposition of an office property in King of Prussia, Pennsylvania (related to the transfer of the property to the mortgage lender in satisfaction of its obligations), partially offset by a valuation allowance of $2.1 million related to properties identified as held for sale. The Company had recorded an impairment charge on the King of Prussia property of $9.5 million at December 31, 2010. The above properties are classified as discontinued operations for 2012 and 2011. Loss from discontinued operations decreased $0.2 million for 2012 as compared to 2011.

Net income available to common shareholders increased by $2.8 million, from $33.1 million in 2011 to approximately $35.9 million in 2012. This increase was the result of a realized gain on the disposition of rental property of $4.5 million in 2012, a decrease in preferred stock dividends of $1.0 million paid in 2011 and a decrease in noncontrolling interest in Operating Partnership of $0.3 million for 2012 as compared to 2011. These were partially offset by an unrealized loss of $2.1 million in 2012, a decrease in income from continuing operations of $0.4 million for 2012 as compared to 2011, an increase in noncontrolling interest in discontinued operations of $0.3 million for 2012 as compared to 2011 and a decrease in income from discontinued operations of $0.2 million for 2012 as compared to 2011.

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

2012 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, to the extent available, 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.

Construction Projects:
In August 2011, the Company commenced construction of a 203,000 square foot office building which is pre-leased for 15 years and three months, subject to two extension options of between five and 10 years each, to Wyndham Worldwide. Wyndham currently leases space in neighboring buildings in the Mack-Cali Business Campus in Parsippany, New Jersey. The new building is expected to be delivered to the tenant in the first quarter of 2013 at a total estimated cost, including leasing costs, of approximately $53.5 million (of which the Company has incurred $22.8 million through June 30, 2012, including $12.9 million of land costs).

In December 2011, the Company entered into a development agreement (the "Development Agreement") with Ironstate Development LLC ("Ironstate") for the development of residential towers with associated parking and ancillary retail space on land owned by the Company at its Harborside Financial Center complex in Jersey City, New Jersey (the "Harborside Residential Project"). The first phase of the project is expected to consist of a parking pedestal to support a high-rise tower of approximately 750 apartment units and estimated to cost approximately $230 million. The parties anticipate the first phase will be ready for occupancy by approximately the second quarter of 2015.

Pursuant to the Development Agreement, the Company and Ironstate shall co-develop the Harborside Residential Project with Ironstate responsible for obtaining all required development permits and approvals. Major decisions with respect to the Harborside Residential Project will require the consent of the Company and Ironstate. The Company and Ironstate will have 85 and 15 percent interests, respectively, in the Harborside Residential Project. The Company will receive capital credit of $30 per approved developable square foot for its land.

The Development Agreement is subject to obtaining required approvals and development financing as well as numerous customary undertakings, covenants, obligations and conditions. The Company has the right to reasonably determine that any phase of the Harborside Residential Project is not economically viable and may elect not to proceed, subject to certain conditions, with no further obligations to Ironstate other than reimbursement to Ironstate of all or a portion of the costs incurred by it to obtain any required approvals.

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 $158.1 million ($180.0 million, including common units in the Operating Partnership, held by parties other than the Company) 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.

45

Property Lock-Ups:
The Company may not dispose of or distribute certain of its properties, currently comprised of seven properties with an aggregate net book value of approximately $130.0 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 Robert F. Weinberg, a former director; and Timothy M. Jones, former president), the Cali Group (which includes John R. Cali, a former director, and John J. Cali, a former director). As of June 30, 2012, 128 of the Company's properties, with an aggregate net book value of $1.7 billion, have lapsed restrictions and are subject to these conditions.

Unencumbered Properties:
As of June 30, 2012, the Company had 237 unencumbered properties, totaling 24.5 million square feet, representing 79.0 percent of the Company's total portfolio on a square footage basis.

Cash Flows

Cash and cash equivalents decreased by $1.2 million to $19.3 million at June 30, 2012, compared to $20.5 million at December 31, 2011. This decrease is comprised of the following net cash flow items:

1) $136.6 million provided by operating activities.

2) $73.4 million used in investing activities, consisting primarily of the following:

(a) $33.3 million used for additions to rental property and improvements; plus
(b) $8.4 million used for the development of rental property; plus
(c) $32.5 million used for investments in unconsolidated joint ventures; plus
(d) $195 thousand increase in restricted cash; minus
(e) $1 million from distributions in excess of cumulative earnings from unconsolidated joint ventures.

3) $64.4 million used in financing activities, consisting primarily of the following:

(a) $348 million used for repayments of revolving credit facility; plus
(b) $221 million used for repayments of senior unsecured notes; plus
(c) $90 million used for payments of dividends and distributions; plus
(d) $4.7 million used for repayments of mortgages, loans payable and other obligations; minus
(e) $302.5 million from borrowing from revolving credit facility; minus
(f) $299.4 million from proceeds from senior unsecured notes.

Debt Financing

Summary of Debt:
The following is a breakdown of the Company's debt between fixed and variable-rate financing as of June 30, 2012.

	Balance ($000's)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt and Other Obligations	$ 1,198,294	62.10%	5.70%	5.19
Fixed Rate Secured Debt	710,302	36.81%	7.51%	5.13
Variable Rate Secured Debt	11,000	0.57%	2.24%	0.50
Variable Rate Unsecured Debt	10,000	0.52%	1.50% (b)	3.31
Totals/Weighted Average:	$ 1,929,596	100.00%	6.32%	5.13

(a) The actual weighted average LIBOR rate for the Company's outstanding variable rate debt was 0.24 percent as of June 30, 2012.
(b) Excludes amortized deferred financing costs pertaining to the Company's unsecured revolving credit facility which amounted to $0.7 million for the three months ended June 30, 2012.

Debt Maturities:
Scheduled principal payments and related weighted average annual interest rates for the Company's debt as of June 30, 2012 are as follows:

Period	Scheduled Principal Amortization ($000's)	Maturities ($000's)	Total ($000's)	Weighted Avg. Interest Rate of Future Repayments (a)
July 1 to December 31, 2012	$ 5,548	$ 11,000	$ 16,548	4.06%
2013	11,315	119,118	130,433	5.17%
2014	10,468	335,257	345,725	6.82%
2015	8,941	160,000	168,941	5.17%(b)
2016	8,753	273,120	281,873	7.16%
Thereafter	26,992	979,562	1,006,554	6.39%
Sub-total	72,017	1,878,057	1,950,074	
Adjustment for unamortized debt discount/premium and mark-to-market, net, as of June 30, 2012	(20,478)-		(20,478)	
Totals/Weighted Average	$ 51,539	$ 1,878,057	$1,929,596	6.32%

(a) The actual weighted average LIBOR rate for the Company's outstanding variable rate debt was 0.24 percent as of June 30, 2012.

(b) Excludes amortized deferred financing costs pertaining to the Company's unsecured revolving credit facility which amounted to $0.7 million for the three months ended June 30, 2012.

Senior Unsecured Notes:
On April 19, 2012, the Operating Partnership completed the sale of $300 million face amount of 4.50 percent senior unsecured notes due April 18, 2022 with interest payable semi-annually in arrears. The net proceeds from the issuance of $296.8 million, after underwriting discount and offering expenses, were used primarily to repay outstanding borrowings under the Company's unsecured revolving credit facility.

On May 25, 2012, the Operating Partnership redeemed $94.9 million principal amount of its 6.15 percent senior unsecured notes due December 15, 2012 (the "2002 Notes"). The redemption price, including a make-whole premium, was 103.191672 percent of the principal amount of the 2002 Notes, plus accrued and unpaid interest up to the redemption date. The Operating Partnership funded the redemption price, including accrued and unpaid interest, of approximately $100.5 million from borrowing on its unsecured revolving credit facility, as well as cash on hand. In connection with the redemption, the Company recorded approximately $3.3 million as a loss from early extinguishment of debt.

On May 25, 2012, the Operating Partnership redeemed $26.1 million principal amount of its 5.82 percent senior unsecured notes due March 15, 2013 (the "2003 Notes"). The redemption price, including a make-whole premium, was 103.868592 percent of the principal amount of the 2003 Notes, plus accrued and unpaid interest up to the redemption date. The Operating Partnership funded the redemption price, including accrued and unpaid interest, of approximately $27.4 million from borrowing on its unsecured revolving credit facility, as well as cash on hand. In connection with the redemption, the Company recorded approximately $1.1 million as a loss from early extinguishment of debt.

The terms of the Company's senior unsecured notes (which totaled approximately $1.2 billion as of June 30, 2012) 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:
On October 21, 2011, the Company amended and restated its unsecured revolving credit facility with a group of 20 lenders. The $600 million facility is expandable to $1 billion and matures in October 2015. It has a one year extension option with the payment of a 20 basis point fee. The interest rate on outstanding borrowings (not electing the Company's competitive bid feature) and the facility fee on the current borrowing capacity payable quarterly in arrears are based upon the Operating Partnership's unsecured debt ratings, as follows:

Operating Partnership's Unsecured Debt Ratings: Higher of S&P or Moody's	Interest Rate – Applicable Basis Points Above LIBOR	Facility Fee Basis Points
No ratings or less than BBB-/Baa3	185.0	45.0
BBB- or Baa3	150.0	35.0
BBB or Baa2(current)	125.0	25.0
BBB+or Baa1	107.5	20.0
A-or A3 or higher	100.0	17.5

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

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which require compliance with financial ratios relating to the maximum leverage ratio, 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. If an event of default has occurred and is continuing, the Company will not make any excess distributions 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; Bank of America, N.A., as syndication agent; Deutsche Bank Trust Company Americas; US Bank National Association and Wells Fargo Bank, N.A., as documentation agents; Capital One, N.A.; Citicorp North America, Inc.; Comerica Bank; PNC Bank, National Association; SunTrust Bank; The Bank of New York Mellon; The Bank of Tokyo-Mitsubishi UFJ, LTD., as managing agents; and Compass Bank; Branch Banking and Trust Company; TD Bank, N.A.; Citizens

Bank of Pennsylvania; Chang Hwa Commercial Bank, LTD., New York Branch; Mega International Commercial Bank Co., LTD., New York Branch; First Commercial Bank, New York Branch; and Hua Nan Commercial Bank, LTD., New York Agency, as participants.

As of July 23, 2012, the Company had $50 million in outstanding borrowings under its unsecured revolving credit facility.

Through October 20, 2011, the Company had a $775 million unsecured revolving credit facility. The interest rate on outstanding borrowings was LIBOR plus 55 basis points.

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 June 30, 2012, 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.

Debt Strategy:
The Company does not intend to reserve funds to retire the Company's senior unsecured notes, borrowings under its unsecured revolving credit facility, 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 July 23, 2012, the Company had $50 million in outstanding borrowings under its unsecured revolving credit facility and no outstanding borrowings under the Money Market Loan. The Company recently called two series of Senior Unsecured Notes for redemption and 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 2012. 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:
The following table presents the changes in the Company's issued and outstanding shares of Common Stock and the Operating Partnership's common units for the six months ended June 30, 2012:

	Common Stock	Common Units	Total
Outstanding at January 1, 2012	87,799,479	12,197,122	99,996,601
Common units redeemed for Common Stock	20,000	(20,000)	-

Cancellation of shares	(4,569)		(4,569)
Shares issued under Dividend Reinvestment and Stock Purchase Plan	4,368		4,368
Outstanding at June 30, 2012	87,819,278	12,177,122	99,996,400

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 June 30, 2012, 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 no securities have been sold as of July 23, 2012.

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 $300 million of securities have been sold as of July 23, 2012 and $2.2 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 $5.5 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 3: 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 June 30, 2012:

	Payments Due by Period					
(dollars in thousands)	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	6 – 10 Years	After 10 Years
Senior unsecured notes	$ 1,594,163	$ 171,450	$ 479,425	$ 277,350	$ 665,938	-
Revolving credit facility (a)	10,500	150	300	10,050	-	-
Mortgages, loans payable and other obligations (b)	970,447	88,277	238,301	292,681	333,796	$ 17,392
Payments in lieu of taxes (PILOT)	43,549	4,407	13,222	8,815	17,105	-
Ground lease payments	17,961	359	1,099	568	1,162	14,773
Total	$ 2,636,620	$ 264,643	$ 732,347	$ 589,464	$1,018,001	$ 32,165

(a) Interest payments assume LIBOR rate of 0.25 percent, which is the weighted average rate on this outstanding variable rate debt at June 30, 2012.
(b) Interest payments assume LIBOR rate of 0.24 percent, which is the weighted average rate on its outstanding variable rate debt at June 30, 2012.

Funds from Operations

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

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

As the Company considers its primary earnings measure, net income available to common shareholders, as defined by GAAP, to be the most comparable earnings measure to FFO, the following table presents a reconciliation of net income available to common shareholders to FFO, as calculated in accordance with NAREIT's current definition, for the three and six months ended June 30, 2012 and 2011 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income available to common shareholders	$ 10,101	$17,333	$ 35,868	$33,062
Add: Noncontrolling interest in Operating Partnership	1,562	2,536	4,675	4,973
Noncontrolling interest in discontinued operations	(160)	24	306	43
Real estate-related depreciation and amortization on continuing operations (a)	48,925	48,816	97,655	97,490
Real estate-related depreciation and amortization on discontinued operations	13	422	428	863
Deduct: Discontinued operations – Realized (gains) losses and unrealized losses on disposition of rental property	1,634	-	(2,378)	-
Funds from operations available to common shareholders	$ 62,075	$ 69,131	$ 136,554	$ 136,431

(a) Includes the Company's share from unconsolidated joint ventures of $996 and $1,083 for the three months ended June 30, 2012 and 2011, respectively, and $1,989 and $2,168 for the six months ended June 30, 2012 and 2011, respectively.

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," "potential," "shoul "expect," "anticipate," "estimate," "continue" or comparable terminology. Forward-looking statements are inherently subjec to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations reflected in such forward-looking statements are based upon

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

Among the factors about which we have made assumptions are:

- risks and uncertainties affecting the general economic climate and conditions, which in turn may have a negative effect on the fundamentals of our business and the financial condition of our tenants;
- 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 3. Quantitative and Qualitative Disclosures About Market Risk

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

Approximately $1.9 billion of the Company's long-term debt as of June 30, 2012 bears interest at fixed rates and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rates on the Company's variable rate debt as of June 30, 2012 ranged from LIBOR plus 125 basis points to LIBOR plus 200 basis points. If market rates of interest on the Company's variable rate debt increased or decreased by 100 basis points, then the increase or decrease in interest costs on the Company's variable rate debt would be approximately $210,000 annually and the increase or decrease in the fair value of the Company's fixed rate debt as of June 30, 2012 would be approximately $31 million.

June 30, 2012 Debt, including current portion ($ s in thousands)	7/1/12-12/31/12	2013	2014	2015	2016	Thereafter	Sub-total	Other (a)	Total	Fair Value
Fixed Rate	$ 5,548	$130,433	$345,725	$158,941	$281,873	$1,006,554	$1,929,074	$(20,478)	$1,908,596	$2,082,311
Average Interest Rate	6.84%	5.17%	6.82%	5.40%	7.16%	6.39%			6.38%	
Variable Rate	$11,000		$ 10,000			$ 21,000		$ 21,000	$ 21,000	

(a) Adjustment for unamortized debt discount/premium and mark-to-market, net, as of June 30, 2012.

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

Item 4. Controls and Procedures

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.

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 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.

MACK-CALI REALTY CORPORATION

Part II – Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

None.

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

(a) COMMON STOCK

During the three months ended June 30, 2012, the Company issued 10,000 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 redeemed for an equal number of shares of common stock. The Company has registered the resale of such shares under the Securities Act.

(b) Not Applicable.

(c) Not Applicable.

Item 3. Defaults Upon Senior Securities

(a) Not Applicable.

(b) Not Applicable.

Item 4. Mine Safety Disclosure

Not Applicable.

Item 5. Other Information

(a) Not Applicable.

(b) None.

Item 6. Exhibits

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

55

MACK-CALI REALTY CORPORATION

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Mack-Cali Realty Corporation
(Registrant)

Date:	July 25, 2012	By:	/s/ Mitchell E. Hersh Mitchell E. Hersh President and Chief Executive Officer (principal executive officer)
Date:	July 25, 2012	By:	/s/ Barry Lefkowitz Barry Lefkowitz Executive Vice President and Chief Financial Officer (principal accounting officer and principal financial officer)

MACK-CALI REALTY CORPORATION

EXHIBIT INDEX

Exhibit Number	Exhibit Title
3.1	Articles of Restatement of Mack-Cali Realty Corporation dated September 18, 2009 (filed as Exhibit 3.2 to the Company's Form 8-K dated September 17, 2009 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Mack-Cali Realty Corporation dated June 10, 1999 (filed as Exhibit 3.2 to the Company's Form 8-K dated June 10, 1999 and incorporated herein by reference).
3.3	Amendment No. 1 to the Amended and Restated Bylaws of Mack-Cali Realty Corporation dated March 4, 2003, (filed as Exhibit 3.3 to the Company's Form 10-Q dated March 31, 2003 and incorporated herein by reference).
3.4	Amendment No. 2 to the Mack-Cali Realty Corporation Amended and Restated Bylaws dated May 24, 2006 (filed as Exhibit 3.1 to the Company's Form 8-K dated May 24, 2006 and incorporated herein by reference).
3.5	Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated December 11, 1997 (filed as Exhibit 10.110 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
3.6	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated August 21, 1998 (filed as Exhibit 3.1 to the Company's and the Operating Partnership's Registration Statement on Form S-3, Registration No. 333-57103, and incorporated herein by reference).
3.7	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated July 6, 1999 (filed as Exhibit 10.1 to the Company's Form 8-K dated July 6, 1999 and incorporated herein by reference).
3.8	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of Mack-Cali Realty, L.P. dated September 30, 2003 (filed as Exhibit 3.7 to the Company's Form 10-Q dated September 30, 2003 and incorporated herein by reference).
3.9	Certificate of Designation of Series B Preferred Operating Partnership Units of Limited Partnership Interest of Mack-Cali Realty, L.P. (filed as Exhibit 10.101 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).

3.10	Certificate of Designation for the 8% Series C Cumulative Redeemable Perpetual Preferred Operating Partnership Units dated March 14, 2003 (filed as Exhibit 3.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
4.1	Indenture dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, Mack-Cali Realty Corporation, as guarantor, and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).
4.2	Supplemental Indenture No. 1 dated as of March 16, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated March 16, 1999 and incorporated herein by reference).

Exhibit Number	Exhibit Title
4.3	Supplemental Indenture No. 2 dated as of August 2, 1999, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to the Operating Partnership's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
4.4	Supplemental Indenture No. 3 dated as of December 21, 2000, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 21, 2000 and incorporated herein by reference).
4.5	Supplemental Indenture No. 4 dated as of January 29, 2001, by and among Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated January 29, 2001 and incorporated herein by reference).
4.6	Supplemental Indenture No. 5 dated as of December 20, 2002, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Operating Partnership's Form 8-K dated December 20, 2002 and incorporated herein by reference).
4.7	Supplemental Indenture No. 6 dated as of March 14, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
4.8	Supplemental Indenture No. 7 dated as of June 12, 2003, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated June 12, 2003 and incorporated herein by reference).
4.9	Supplemental Indenture No. 8 dated as of February 9, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated February 9, 2004 and incorporated herein by reference).
4.10	Supplemental Indenture No. 9 dated as of March 22, 2004, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated March 22, 2004 and incorporated herein by reference).
4.11	Supplemental Indenture No. 10 dated as of January 25, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 25, 2005 and incorporated herein by reference).

4.12	Supplemental Indenture No. 11 dated as of April 15, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated April 15, 2005 and incorporated herein by reference).
4.13	Supplemental Indenture No. 12 dated as of November 30, 2005, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated November 30, 2005 and incorporated herein by reference).
4.14	Supplemental Indenture No. 13 dated as of January 24, 2006, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated January 18, 2006 and incorporated herein by reference).
4.15	Supplemental Indenture No. 14 dated as of August 14, 2009, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated August 14, 2009 and incorporated herein by reference).

Exhibit Number	Exhibit Title
4.16	Supplemental Indenture No. 15 dated as of April 19, 2012, by and between Mack-Cali Realty, L.P., as issuer, and Wilmington Trust Company, as trustee (filed as Exhibit 4.2 to the Company's Form 8-K dated April 19, 2012 and incorporated herein by reference).
4.17	Deposit Agreement dated March 14, 2003 by and among Mack-Cali Realty Corporation, EquiServe Trust Company, N.A., and the holders from time to time of the Depositary Receipts described therein (filed as Exhibit 4.1 to the Company's Form 8-K dated March 14, 2003 and incorporated herein by reference).
10.1	Amended and Restated Employment Agreement dated as of July 1, 1999 between Mitchell E. Hersh and Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.2	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Mitchell E. Hersh (filed as Exhibit 10.4 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.3	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Barry Lefkowitz and Mack-Cali Realty Corporation (filed as Exhibit 10.6 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.4	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Barry Lefkowitz (filed as Exhibit 10.5 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.5	Second Amended and Restated Employment Agreement dated as of July 1, 1999 between Roger W. Thomas and Mack-Cali Realty Corporation (filed as Exhibit 10.7 to the Company's Form 10-Q dated June 30, 1999 and incorporated herein by reference).
10.6	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Roger W. Thomas (filed as Exhibit 10.8 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.7	Employment Agreement dated as of December 5, 2000 between Michael Grossman and Mack-Cali Realty Corporation (filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
10.8	Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Michael Grossman (filed as Exhibit 10.6 to the Company's

Form 8-K dated December 9, 2008 and incorporated herein by reference).

10.9 Employment Agreement dated as of May 9, 2006 by and between Mark Yeager and Mack-Cali Realty Corporation (filed as Exhibit 10.15 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

10.10 Letter Agreement dated December 9, 2008 by and between Mack-Cali Realty Corporation and Mark Yeager (filed as Exhibit 10.7 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).

10.11 Agreement and Release by and between Michael Grossman and the Company dated January 12, 2012 (filed as Exhibit 10.1 to the Company's Form 8-K dated January 12, 2012 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.12	Form of Multi-Year Restricted Share Award Agreement (filed as Exhibit 10.1 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.13	Form of Tax Gross-Up Agreement (filed as Exhibit 10.2 to the Company's Form 8-K dated September 12, 2007 and incorporated herein by reference).
10.14	Form of Restricted Share Award Agreement effective December 9, 2008 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman, Mark Yeager and Roger W. Thomas (filed as Exhibit 10.1 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.15	Form of Restricted Share Award Agreement effective December 9, 2008 by and between Mack-Cali Realty Corporation and each of William L. Mack, Alan S. Bernikow, John R. Cali, Kenneth M. Duberstein, Nathan Gantcher, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese, Robert F. Weinberg and Roy J. Zuckerberg (filed as Exhibit 10.2 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.16	Form of Restricted Share Award Agreement effective December 8, 2009 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman, Mark Yeager and Roger W. Thomas (filed as Exhibit 10.1 to the Company's Form 8-K dated December 8, 2009 and incorporated herein by reference).
10.17	Form of Restricted Share Award Agreement effective December 8, 2009 by and between Mack-Cali Realty Corporation and each of William L. Mack, Martin S. Berger, Alan S. Bernikow, John R. Cali, Kenneth M. Duberstein, Nathan Gantcher, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese and Roy J. Zuckerberg (filed as Exhibit 10.2 to the Company's Form 8-K dated December 8, 2009 and incorporated herein by reference).
10.18	Form of Restricted Share Award Agreement effective December 7, 2010 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman and Roger W. Thomas (filed as Exhibit 10.1 to the Company's Form 8-K dated December 7, 2010 and incorporated herein by reference).
10.19	Form of Restricted Share Award Agreement effective December 7, 2010 by and between Mack-Cali Realty Corporation and each of William L. Mack, Alan S. Bernikow, John R. Cali, Kenneth M.

Duberstein, Nathan Gantcher, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese, Robert F. Weinberg and Roy J. Zuckerberg (filed as Exhibit 10.2 to the Company's Form 8-K dated December 7, 2010 and incorporated herein by reference).

10.20 Form of Restricted Share Award Agreement effective December 6, 2011 by and between Mack-Cali Realty Corporation and each of Mitchell E. Hersh, Barry Lefkowitz, Michael Grossman and Roger W. Thomas (filed as Exhibit 10.1 to the Company's Form 8-K dated December 6, 2011 and incorporated herein by reference).

10.21 Form of Restricted Share Award Agreement effective December 6, 2011 by and between Mack-Cali Realty Corporation and each of William L. Mack, Alan S. Bernikow, John R. Cali, Kenneth M. Duberstein, Nathan Gantcher, David S. Mack, Alan G. Philibosian, Dr. Irvin D. Reid, Vincent Tese, Robert F. Weinberg and Roy J. Zuckerberg (filed as Exhibit 10.2 to the Company's Form 8-K dated December 6, 2011 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.22	Amended and Restated Revolving Credit Agreement dated as of September 27, 2002, among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, Fleet National Bank and Other Lenders Which May Become Parties Thereto with JPMorgan Chase Bank, as administrative agent, swing lender and fronting bank, Fleet National Bank and Commerzbank AG, New York and Grand Cayman branches as syndication agents, Bank of America, N.A. and Wells Fargo Bank, National Association, as documentation agents, and J.P. Morgan Securities Inc. and Fleet Securities, Inc, as arrangers (filed as Exhibit 10.1 to the Company's Form 8-K dated September 27, 2002 and incorporated herein by reference).
10.23	Second Amended and Restated Revolving Credit Agreement among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., Bank of America, N.A., and other lending institutions that are or may become a party to the Second Amended and Restated Revolving Credit Agreement dated as of November 23, 2004 (filed as Exhibit 10.1 to the Company's Form 8-K dated November 23, 2004 and incorporated herein by reference).
10.24	Extension and Modification Agreement dated as of September 16, 2005 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated September 16, 2005 and incorporated herein by reference).
10.25	Second Modification Agreement dated as of July 14, 2006 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated July 14, 2006 and incorporated herein by reference).
10.26	Extension and Third Modification Agreement dated as of June 22, 2007 by and among Mack-Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent, and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated June 22, 2007 and incorporated herein by reference).
10.27	Fourth Modification Agreement dated as of September 21, 2007 by and among Mack Cali Realty, L.P., JPMorgan Chase Bank, N.A., as administrative agent and the several Lenders party thereto (filed as Exhibit 10.1 to the Company's Form 8-K dated September 21, 2007 and incorporated herein by reference).

10.28	Amended and Restated Master Loan Agreement dated as of November 12, 2004 among Mack-Cali Realty, L.P., and Affiliates of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P., as Borrowers, Mack-Cali Realty Corporation and Mack-Cali Realty L.P., as Guarantors and The Prudential Insurance Company of America, as Lender (filed as Exhibit 10.1 to the Company's Form 8-K dated November 12, 2004 and incorporated herein by reference).
10.29	Contribution and Exchange Agreement among The MK Contributors, The MK Entities, The Patriot Contributors, The Patriot Entities, Patriot American Management and Leasing Corp., Cali Realty, L.P. and Cali Realty Corporation, dated September 18, 1997 (filed as Exhibit 10.98 to the Company's Form 8-K dated September 19, 1997 and incorporated herein by reference).
10.30	First Amendment to Contribution and Exchange Agreement, dated as of December 11, 1997, by and among the Company and the Mack Group (filed as Exhibit 10.99 to the Company's Form 8-K dated December 11, 1997 and incorporated herein by reference).
10.31	Employee Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.1 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.32	Director Stock Option Plan of Mack-Cali Realty Corporation (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Form S-8, Registration No. 333-44443, and incorporated herein by reference).
10.33	2000 Employee Stock Option Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-52478, and incorporated herein by reference), as amended by the First Amendment to the 2000 Employee Stock Option Plan (filed as Exhibit 10.17 to the Company's Form 10-Q dated June 30, 2002 and incorporated herein by reference).
10.34	Amended and Restated 2000 Director Stock Option Plan (filed as Exhibit 10.2 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-8, Registration No. 333-100244, and incorporated herein by reference).
10.35	Mack-Cali Realty Corporation 2004 Incentive Stock Plan (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-116437, and incorporated herein by reference).
10.36	Deferred Compensation Plan for Directors (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, Registration No. 333-80081, and incorporated herein by reference).
10.37	Amended and Restated Mack-Cali Realty Corporation Deferred Compensation Plan for Directors (filed as Exhibit 10.3 to the Company's Form 8-K dated December 9, 2008 and incorporated herein by reference).
10.38	Indemnification Agreement by and between Mack-Cali Realty Corporation and William L. Mack dated October 22, 2002 (filed as Exhibit 10.101 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.39	Indemnification Agreement by and between Mack-Cali Realty Corporation and Mitchell E. Hersh dated October 22, 2002 (filed as Exhibit 10.102 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.40	Indemnification Agreement by and between Mack-Cali Realty Corporation and Martin S. Berger dated December 11, 1997 (filed as Exhibit 10.103 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.41	Indemnification Agreement by and between Mack-Cali Realty Corporation and Alan S. Bernikow dated May 20, 2004 (filed as Exhibit 10.104 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.42	Indemnification Agreement by and between Mack-Cali Realty Corporation and John R. Cali dated October 22, 2002 (filed as Exhibit 10.105 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.43	Indemnification Agreement by and between Mack-Cali Realty Corporation and Kenneth M. Duberstein dated September 13, 2005 (filed as Exhibit 10.106 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.44	Indemnification Agreement by and between Mack-Cali Realty Corporation and Nathan Gantcher dated October 22, 2002 (filed as Exhibit 10.107 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.45	Indemnification Agreement by and between Mack-Cali Realty Corporation and David S. Mack dated December 11, 1997 (filed as Exhibit 10.108 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.46	Indemnification Agreement by and between Mack-Cali Realty Corporation and Alan G. Philibosian dated October 22, 2002 (filed as Exhibit 10.109 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.47	Indemnification Agreement by and between Mack-Cali Realty Corporation and Irvin D. Reid dated October 22, 2002 (filed as Exhibit 10.110 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.48	Indemnification Agreement by and between Mack-Cali Realty Corporation and Vincent Tese dated October 22, 2002 (filed as Exhibit 10.111 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.49	Indemnification Agreement by and between Mack-Cali Realty Corporation and Robert F. Weinberg dated October 22, 2002 (filed as Exhibit 10.112 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.50	Indemnification Agreement by and between Mack-Cali Realty Corporation and Roy J. Zuckerberg dated October 22, 2002 (filed as Exhibit 10.113 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.51	Indemnification Agreement by and between Mack-Cali Realty Corporation and Barry Lefkowitz dated October 22, 2002 (filed as Exhibit 10.114 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.52	Indemnification Agreement by and between Mack-Cali Realty Corporation and Michael Grossman dated October 22, 2002 (filed as Exhibit 10.115 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.53	Indemnification Agreement by and between Mack-Cali Realty Corporation and Roger W. Thomas dated October 22, 2002 (filed as Exhibit 10.116 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.54	Indemnification Agreement by and between Mack-Cali Realty Corporation and Mark Yeager dated May 9, 2006 (filed as Exhibit 10.117 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.55	Indemnification Agreement dated October 22, 2002 by and between Mack-Cali Realty Corporation and John Crandall (filed as Exhibit 10.29 to the Company's Form 10-Q dated September 30, 2002 and incorporated herein by reference).
10.56	Second Amendment to Contribution and Exchange Agreement, dated as of June 27, 2000, between RMC Development Company, LLC f/k/a Robert Martin Company, LLC, Robert Martin Eastview North Company, L.P., the Company and the Operating Partnership (filed as Exhibit 10.44 to the Company's Form 10-K dated December 31, 2002 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.57	Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated November 25, 2003 (filed as Exhibit 10.1 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.58	Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated December 3, 2003 (filed as Exhibit 10.2 to the Company's Form 8-K dated December 3, 2003 and incorporated herein by reference).
10.59	First Amendment to Redevelopment Agreement by and between the New Jersey Sports and Exposition Authority and Meadowlands Mills/Mack-Cali Limited Partnership dated October 5, 2004 (filed as Exhibit 10.54 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).
10.60	Letter Agreement by and between Mack-Cali Realty Corporation and The Mills Corporation dated October 5, 2004 (filed as Exhibit 10.55 to the Company's Form 10-Q dated September 30, 2004 and incorporated herein by reference).
10.61	First Amendment to Limited Partnership Agreement of Meadowlands Mills/Mack-Cali Limited Partnership by and between Meadowlands Mills Limited Partnership, Mack-Cali Meadowlands Entertainment L.L.C. and Mack-Cali Meadowlands Special L.L.C. dated as of June 30, 2005 (filed as Exhibit 10.66 to the Company's Form 10-Q dated June 30, 2005 and incorporated herein by reference).
10.62	Mack-Cali Rights, Obligations and Option Agreement by and between Meadowlands Developer Limited Partnership, Meadowlands Limited Partnership, Meadowlands Developer Holding Corp., Meadowlands Mack-Cali GP, L.L.C., Mack-Cali Meadowlands Special, L.L.C., Baseball Meadowlands Mills/Mack-Cali Limited Partnership, A-B Office Meadowlands Mack-Cali Limited Partnership, C-D Office Meadowlands Mack-Cali Limited Partnership, Hotel Meadowlands Mack-Cali Limited Partnership and ERC Meadowlands Mills/Mack-Cali Limited Partnership dated November 22, 2006 (filed as Exhibit 10.92 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.63	Redemption Agreement by and among Meadowlands Developer Limited Partnership, Meadowlands Developer Holding Corp.,

Mack-Cali Meadowlands entertainment L.L.C., Mack-Cali Meadowlands Special L.L.C., and Meadowlands Limited Partnership dated November 22, 2006 (filed as Exhibit 10.93 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).

10.64 Contribution and Exchange Agreement by and between Mack-Cali Realty, L.P. and Tenth Springhill Lake Associates L.L.L.P., Eleventh Springhill Lake Associates L.L.L.P., Twelfth Springhill Lake Associates L.L.L.P., Fourteenth Springhill Lake Associates L.L.L.P., each a Maryland limited liability limited partnership, Greenbelt Associates, a Maryland general partnership, and Sixteenth Springhill Lake Associates L.L.L.P., a Maryland limited liability limited partnership, and certain other natural persons, dated as of November 21, 2005 (filed as Exhibit 10.69 to the Company's Form 10-K dated December 31, 2005 and incorporated herein by reference).

10.65 Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of March 7, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.66	Amendment No. 1 to Membership Interest Purchase and Contribution Agreement dated as of March 31, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated March 28, 2006 and incorporated herein by reference).
10.67	Amendment No. 2 to Membership Interest Purchase and Contribution Agreement dated as of May 9, 2006 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.68	Amendment No. 8 to Membership Interest Purchase and Contribution Agreement by and among Mr. Stanley C. Gale, SCG Holding Corp., Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of May 23, 2007 (filed as Exhibit 10.1 to the Company's Form 8-K dated May 23, 2007 and incorporated herein by reference).
10.69	Contribution and Sale Agreement by and among Gale SLG NJ LLC, a Delaware limited liability company, Gale SLG NJ MEZZ LLC, a Delaware limited liability company, and Gale SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company and Mack-Cali Ventures L.L.C. dated as of March 7, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated March 7, 2006 and incorporated herein by reference).
10.70	First Amendment to Contribution and Sale Agreement by and among GALE SLG NJ LLC, a Delaware limited liability company, GALE SLG NJ MEZZ LLC, a Delaware limited liability company, and GALE SLG RIDGEFIELD MEZZ LLC, a Delaware limited liability company, and Mack-Cali Ventures L.L.C., a Delaware limited liability company, dated as of May 9, 2006 (filed as Exhibit 10.4 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.71	Non-Portfolio Property Interest Contribution Agreement by and among Mr. Stanley C. Gale, Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC, Mack-Cali Realty Acquisition Corp. and Mack-Cali Realty, L.P. dated as of May 9, 2006 (filed as Exhibit 10.2 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.72	Loan Agreement by and among the entities set forth on Exhibit A, collectively, as Borrowers, and Gramercy Warehouse Funding I LLC, as Lender, dated May 9, 2006 (filed as Exhibit 10.5 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

10.73	Promissory Note of One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, as Borrowers, in favor of Gramercy Warehouse Funding I, LLC, as Lender, in the principal amount of $90,286,551 dated May 9, 2006 (filed as Exhibit 10.6 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.74	Mortgage, Security Agreement and Fixture Filing by and between 4 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.7 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.75	Promissory Note of 4 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of $43,000,000 dated May 9, 2006 (filed as Exhibit 10.8 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.76	Mortgage, Security Agreement and Fixture Filing by and between 210 Clay SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.9 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.77	Promissory Note of 210 Clay SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of $16,000,000 dated May 9, 2006 (filed as Exhibit 10.10 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.78	Mortgage, Security Agreement and Fixture Filing by and between 5 Becker SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.11 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.79	Promissory Note of 5 Becker SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of $15,500,000 dated May 9, 2006 (filed as Exhibit 10.12 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.80	Mortgage, Security Agreement and Fixture Filing by and between 51 CHUBB SPE LLC, as Borrower, and Wachovia Bank, National Association, as Lender, dated May 9, 2006 (filed as Exhibit 10.13 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.81	Promissory Note of 51 CHUBB SPE LLC, as Borrower, in favor of Wachovia Bank, National Association, as Lender, in the principal amount of $4,500,000 dated May 9, 2006 (filed as Exhibit 10.14 to the Company's Form 8-K dated May 9, 2006 and incorporated herein by reference).
10.82	Agreement of Sale and Purchase dated August 9, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.91 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.83	First Amendment to Agreement of Sale and Purchase dated September 6, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.92 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.84	Second Amendment to Agreement of Sale and Purchase dated September 15, 2006 by and between Mack-Cali Realty, L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.93 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).

10.85	Agreement of Sale and Purchase dated September 25, 2006 by and between Phelan Realty Associates L.P., 795 Folsom Realty Associates L.P. and Westcore Properties AC, LLC (filed as Exhibit 10.94 to the Company's Form 10-Q dated September 30, 2006 and incorporated herein by reference).
10.86	Membership Interest Purchase and Contribution Agreement dated as of December 28, 2006, by and among NKFGMS Owners, LLC, The Gale Construction Services Company, L.L.C., NKFFM Limited Liability Company, Scott Panzer, Ian Marlow, Newmark & Company Real Estate, Inc. d/b/a Newmark Knight Frank, and Mack-Cali Realty, L.P (filed as Exhibit 10.117 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.87	Operating Agreement of NKFGMS Owners, LLC (filed as Exhibit 10.118 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.88	Loans, Sale and Services Agreement dated December 28, 2006 by and between Newmark & Company Real Estate, Inc. d/b/a Newmark Knight Frank, Mack-Cali Realty, L.P., and Newmark Knight Frank Global Management Services, LLC (filed as Exhibit 10.119 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.89	Term Loan Agreement among Mack-Cali Realty, L.P. and JPMorgan Chase Bank, N.A. as Administrative Agent, J.P. Morgan Securities Inc. as Arranger, and other lender which may become parties to this Agreement dated November 29, 2006 (filed as Exhibit 10.120 to the Company's Form 10-K dated December 31, 2006 and incorporated herein by reference).
10.90	Agreement of Purchase and Sale among SLG Broad Street A LLC and SLG Broad Street C LLC, as Sellers, and M-C Broad 125 A L.L.C. and M-C Broad 125 C L.L.C., as Purchasers, dated as of March 15, 2007 (filed as Exhibit 10.121 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.91	Agreement of Purchase and Sale among 500 West Putnam L.L.C., as Seller, and SLG 500 West Putnam LLC, as Purchaser, dated as of March 15, 2007 (filed as Exhibit 10.122 to the Company's Form 10-Q dated March 31, 2007 and incorporated herein by reference).
10.92	Letter Agreement by and between Mack-Cali Realty, L.P., Mack-Cali Realty Acquisition Corp., Mack-Cali Belmar Realty, LLC, M-C Belmar, LLC, Mr. Stanley C. Gale, SCG Holding Corp., Mr. Mark Yeager, GCF II Investor LLC, The Gale Investments Company, LLC, Gale & Wentworth Vreeland, LLC, Gale Urban Solutions LLC, MSGW-ONE Campus Investors, LLC and Gale/Yeager Investments LLC dated October 31, 2007 (filed as Exhibit 10.128 to the Company's Form 10-Q dated September 30, 2007 and incorporated herein by reference).
10.93	Mortgage and Security Agreement and Financing Statement dated October 28, 2008 between M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Mortgagors and The Northwestern Mutual Life Insurance Company and New York Life Insurance Company as Mortgagees (filed as Exhibit 10.131 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.94	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of The Northwestern Mutual Life Insurance Company, as Lender, in the principal amount of $120,000,000, dated October 28, 2008. (filed as Exhibit 10.132 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein by reference).
10.95	Promissory Note of M-C Plaza V L.L.C., Cal-Harbor V Urban Renewal Associates, L.P., Cal-Harbor V Leasing Associates L.L.C., as Borrowers, in favor of New York Life Insurance Company, as Lender, in the principal amount of $120,000,000, dated October 28, 2008 (filed as Exhibit 10.133 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein

by reference).

10.96 Guarantee of Recourse Obligations of Mack-Cali Realty, L.P. in favor of The Northwestern Mutual Life Insurance Company and New York Life Insurance Company dated October 28, 2008 (filed as Exhibit 10.134 to the Company's Form 10-Q dated September 30, 2008 and incorporated herein by reference).

10.97 Amended and Restated Loan Agreement by and among One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, collectively, as Borrowers and Gramercy Warehouse Funding I LLC, as Lender, dated April 29, 2009 (filed as Exhibit 10.144 to the Company's Form 10-Q dated March 31, 2009 and incorporated herein by reference).

10.98 Amended and Restated Promissory Note of One Grande SPE LLC, 1280 Wall SPE LLC, 10 Sylvan SPE LLC, 5 Independence SPE LLC, 1 Independence SPE LLC, and 3 Becker SPE LLC, as Borrowers, in favor of Gramercy Warehouse Funding I, LLC, as Lender, dated April 29, 2009 (filed as Exhibit 10.145 to the Company's Form 10-Q dated March 31, 2009 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.99	Limited Liability Company Membership Interest Purchase and Sale Agreement dated April 29, 2009 by and among Gale SLG NJ LLC, Mack-Cali Ventures L.L.C., SLG Gale 55 Corporation LLC and 55 Corporate Partners L.L.C. (filed as Exhibit 10.146 to the Company's Form 10-Q dated March 31, 2009 and incorporated herein by reference).
10.100	Amended and Restated Master Loan Agreement dated as of January 15, 2010 among Mack-Cali Realty, L.P., and Affiliates of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P., as Borrowers, Mack-Cali Realty Corporation and Mack-Cali Realty L.P., as Guarantors and The Prudential Insurance Company of America and VPCM, LLC, as Lenders (filed as Exhibit 10.1 to the Company's Form 8-K dated January 15, 2010 and incorporated herein by reference).
10.101	Partial Recourse Guaranty of Mack-Cali Realty, L.P. dated as of January 15, 2010 to The Prudential Insurance Company of America and VPCM, LLC (filed as Exhibit 10.2 to the Company's Form 8-K dated January 15, 2010 and incorporated herein by reference).
10.102	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.165 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.103	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.166 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.104	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.167 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.105	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre IV in Bergen County, New Jersey filed as Exhibit 10.168 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.106	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali F Properties, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.169 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.107	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Chestnut Ridge, L.L.C., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.170 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.108	Amended, Restated and Consolidated Mortgage and Security Agreement and Financing Statement dated as of January 15, 2010 by Mack-Cali Realty, L.P., as Borrower, to The Prudential Insurance Company of America and VPCM, LLC, as Mortgagees with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.171 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.109	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.172 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.110	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.173 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.111	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.174 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.112	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.175 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.113	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.176 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.114	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.177 to the Company's Form 10-Q dated September 30, 2010

and incorporated herein by reference).

10.115 Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.178 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.116 Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.179 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.117 Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali F Properties, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.180 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.118	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali F Properties, L.P. in favor of VPCM, LLC with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.181 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.119	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Chestnut Ridge, L.L.C. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.182 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.120	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Chestnut Ridge, L.L.C. in favor of VPCM, LLC with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.183 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.121	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of The Prudential Insurance Company of America with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.184 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.122	Amended, Restated and Consolidated Promissory Note dated January 15, 2010 of Mack-Cali Realty, L.P. in favor of VPCM, LLC with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.185 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.123	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.186 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.124	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.187 to the

	Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.125	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.188 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.126	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.189 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.127	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali F Properties, L.P. with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.190 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.128	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Chestnut Ridge, L.L.C. with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.191 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.129	Recourse Liabilities Guaranty dated January 15, 2010 of Mack-Cali Realty Corporation and Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to certain liabilities of Mack-Cali Realty, L.P. with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.192 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.130	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre I in Bergen County, New Jersey (filed as Exhibit 10.193 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.131	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre II in Bergen County, New Jersey (filed as Exhibit 10.194 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.132	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre III in Bergen County, New Jersey (filed as Exhibit 10.195 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.133	Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre IV in Bergen County, New Jersey (filed as Exhibit 10.196 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).
10.134	

Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali F Properties, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Centre VII in Bergen County, New Jersey (filed as Exhibit 10.197 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.135 Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Chestnut Ridge, L.L.C. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Corp. Center in Bergen County, New Jersey (filed as Exhibit 10.198 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

10.136 Amended and Restated Irrevocable Cross Collateral Guaranty of Payment and Performance dated January 15, 2010 of Mack-Cali Realty, L.P. to The Prudential Insurance Company of America and VPCM, LLC with respect to Mack-Cali Saddle River in Bergen County, New Jersey (filed as Exhibit 10.199 to the Company's Form 10-Q dated September 30, 2010 and incorporated herein by reference).

Exhibit Number	Exhibit Title
10.137	Development Agreement dated December 5, 2011 by and between M-C Plaza VI & VII L.L.C. and Ironstate Development LLC (filed as Exhibit 10.1 to the Company's Form 8-K dated December 5, 2011 and incorporated herein by reference).
10.138	Form of Amended and Restated Limited Liability Company Agreement (filed as Exhibit 10.2 to the Company's Form 8-K dated December 5, 2011 and incorporated herein by reference).
10.139	Third Amended and Restated Revolving Credit Agreement among Mack-Cali Realty, L.P., as borrower, and JPMorgan Chase Bank, N.A., as the administrative agent, the other agents listed therein and the lending institutions party thereto and referred to therein dated as of October 21, 2011 (filed as Exhibit 10.134 to the Company's Form 10-Q dated September 30, 2011 and incorporated herein by reference).
31.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Company's President and Chief Executive Officer, Mitchell E. Hersh, and the Company's Chief Financial Officer, Barry Lefkowitz, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1*	The following financial statements from Mack-Cali Realty Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statement of Changes in Equity (unaudited), (iv) Consolidated Statements of Cash Flows (unaudited), and (v) Notes to Consolidated Financial Statements (unaudited).

* filed herewith