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

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

FORM 10-K

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

For the fiscal year ended December 31, 2009

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

Commission File Number: 1-13274

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

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ___ No ___ (the Registrant is not yet required to submit Interactive Data)

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

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

Large accelerated filer x Accelerated filer ¨

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

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

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

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

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

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

FORM 10-K

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PART I

ITEM 1. BUSINESS

GENERAL

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

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

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

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

BUSINESS STRATEGIES

Operations

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

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

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

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

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

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

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

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

Financial

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

EMPLOYEES

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

COMPETITION

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

REGULATIONS

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

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

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

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

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

INDUSTRY SEGMENTS

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

RECENT DEVELOPMENTS

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

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

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

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

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

FINANCING ACTIVITY

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

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

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

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

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

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

AVAILABLE INFORMATION

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We consider portions of this report, including the documents incorporated by reference, to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of such act. Such forward-looking statements relate to, without limitation, our future economic performance, plans and objectives for future operations and projections of revenue and other financial items. Forward-looking statements can be identified by the use of words such as "may," "will," "plan," "should," "expec "anticipate," "estimate," "continue" or comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, we can give no assurance that such expectations will be achieved. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Among the factors about which we have made assumptions are:

- risks and uncertainties affecting the general economic climate and conditions, including the impact of the general economic recession as it impacts the national and local economies, which in turn may have a negative effect on the fundamentals of our business and the financial condition of our tenants;
- the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;
- the extent of any tenant bankruptcies or of any early lease terminations;
- our ability to lease or re-lease space at current or anticipated rents;
- changes in the supply of and demand for office, office/flex and industrial/warehouse properties;
- changes in interest rate levels and volatility in the securities markets;
- changes in operating costs;
- our ability to obtain adequate insurance, including coverage for terrorist acts;
- the availability of financing on attractive terms or at all, which may adversely impact our ability to pursue acquisition and development opportunities and refinance existing debt and our future interest expense;
- changes in governmental regulation, tax rates and similar matters; and
- other risks associated with the development and acquisition of properties, including risks that the development may not be completed on schedule, that the tenants will not take occupancy or pay rent, or that development or operating costs may be greater than anticipated.

For further information on factors which could impact us and the statements contained herein, see Item 1A: Risk Factors. We assume no obligation to update and supplement forward-looking statements that become untrue because of subsequent events, new information or otherwise.

ITEM 1A. RISK FACTORS

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

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

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

- significant job losses in the financial and professional services industries may occur, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from both our existing operations and our acquisition and development activities and increase our future interest expense;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
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the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

leases; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

PROPERTY LIST

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

Office Properties

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

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

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Office Properties (Continued)

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

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

Office
Properties
(Continued)

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

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

Office Properties (Continued)

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

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

Office Properties (Continued)

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

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

Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/09 (%) (a)	2009 Base Rent ($000's) (b) (c)	Percentage of Total 2009 Base Rent (%)	2009 Average Base Rent Per Sq. Ft. ($) (c) (d)	2009 Average Effective Rent Per Sq. Ft. ($) (c) (e)
CONNECTICUT							
Fairfield County							
Norwalk							
40 Richards Avenue	1985	145,487	71.1	2,628	0.43	25.41	22.34
Stamford							
1266 East Main Street	1984	179,260	87.3	3,807	0.62	24.33	21.03
Total Connecticut Office		324,747	80.1	6,435	1.05	24.73	21.52
DISTRICT OF COLUMBIA							
Washington							
1201 Connecticut Avenue, NW	1940	169,549	100.0	6,807	1.10	40.15	35.98
1400 L Street, NW	1987	159,000	100.0	5,895	0.96	37.08	31.29
Total District of Columbia Office		328,549	100.0	12,702	2.06	38.66	33.71
MARYLAND							
Prince George's County							
Greenbelt							
9200 Edmonston Road	1973	38,690	100.0	910	0.15	23.52	21.17
6301 Ivy Lane	1979	112,003	75.8	1,932	0.31	22.76	19.81
6303 Ivy Lane	1980	112,047	68.7	1,627	0.26	21.14	19.10
6305 Ivy Lane	1982	112,022	73.5	1,702	0.28	20.67	17.45
6404 Ivy Lane	1987	165,234	43.3	1,660	0.27	23.20	17.69
6406 Ivy Lane	1991	163,857	0.0	63	0.01	0.00	0.00
6411 Ivy Lane	1984	138,405	85.9	2,854	0.46	24.01	20.81
Lanham							
4200 Parliament Place	1989	122,000	89.2	2,757	0.45	25.33	23.42
Total Maryland Office		964,258	60.4	13,505	2.19	23.20	20.20

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

Office/Flex
Properties

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

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

Office/Flex Properties (Continued)

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

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

Office/Flex
Properties
(Continued)

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

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

Industrial/Warehouse, Retail and Land Lease Properties

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

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

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

PERCENTAGE LEASED

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

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

(a) Percentage of square-feet leased includes all leases in effect as of the period end date, some of which have commencement dates in the future and leases that expire at the period end date.

SIGNIFICANT TENANTS

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

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

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

See footnotes on subsequent page.

Significant Tenants Footnotes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE OF LEASE EXPIRATIONS: ALL CONSOLIDATED PROPERTIES

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

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

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

(b)

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

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

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

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

SCHEDULE OF LEASE EXPIRATIONS: OFFICE PROPERTIES

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

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

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

(b)

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

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

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SCHEDULE OF LEASE EXPIRATIONS: OFFICE/FLEX PROPERTIES

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

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

(a)

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

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

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

SCHEDULE OF LEASE EXPIRATIONS: INDUSTRIAL/WAREHOUSE PROPERTIES

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

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

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

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

SCHEDULE OF LEASE EXPIRATIONS: STAND-ALONE RETAIL PROPERTIES

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

Average

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

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

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

INDUSTRY DIVERSIFICATION

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

Industry Classification (a)	Annualized Base Rental Revenue ($) (b) (c) (d)	Percentage of Company Annualized Base Rental Revenue (%)	Square Feet Leased (c) (d)	Percentage of Total Company Leased Sq. Ft. (%)
Securities, Commodity Contracts & Other Financial	102,997,592	16.5	3,782,274	13.9
Insurance Carriers & Related Activities	57,847,293	9.3	2,353,291	8.6
Manufacturing	51,007,205	8.2	2,635,523	9.6
Telecommunications	41,733,313	6.7	2,133,663	7.8
Legal Services	37,099,125	5.9	1,418,926	5.2
Health Care & Social Assistance	29,380,389	4.7	1,383,604	5.1
Computer System Design Services	27,729,122	4.4	1,321,821	4.8
Credit Intermediation & Related Activities	26,448,185	4.2	1,022,498	3.7
Scientific Research/Development	23,094,736	3.7	848,562	