MACK CALI REALTY CORP
Form 10-K
February 19, 2015

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, 2014

[ ] 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 X No ___

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, 2014, the aggregate market value of the voting stock held by non-affiliates of the registrant was $1,877,183,962. 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. The registrant has no non-voting common stock.

As of February 13, 2015, 89,081,526 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 126.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the registrant's definitive proxy statement for fiscal year ended December 31, 2014 to be issued in conjunction with the registrant's annual meeting of shareholders expected to be held on May 11, 2015 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, 2014.

FORM 10-K

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PART I

ITEM 1. BUSINESS

GENERAL

Mack-Cali Realty Corporation, a Maryland corporation, together with its subsidiaries (collectively 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 with a recent emphasis on expansion into the multi-family rental sector in the same markets. The Company performs substantially all 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, 2014, the Company owned or had interests in 283 properties, consisting of 264 commercial properties, primarily class A office and office/flex properties, totaling approximately 31.0 million square feet, leased to approximately 2,000 commercial tenants and 19 multi-family rental properties containing 5,484 residential units, plus developable land (collectively, the "Properties"). The Properties are comprised of: (a) 231 wholly-owned or Company-controlled properties consisting of 118 office buildings and 95 office/flex buildings aggregating approximately 24.9 million square feet, six industrial/warehouse buildings totaling approximately 387,400 square feet, six multi-family properties totaling 1,301 apartments, three stand-alone retail properties totaling approximately 40,000 square feet, and three land leases (collectively, the "Consolidated Properties"); and (b) 36 office properties totaling approximately 5.6 million square feet, 13 multi-family properties totaling 4,183 apartments, two retail properties totaling approximately 81,500 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, 2014, the office, office/flex, industrial/warehouse and stand-alone retail properties included in the Consolidated Properties were 84.2 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 expired as of December 31, 2014 aggregate 205,220 square feet, or 0.8 percent of the net rentable square footage. The Properties are located in seven states, primarily in the Northeast, and the District of Columbia. See Item 2: Properties.

The Company's historical strategy has been to focus its operations, acquisition and development of office properties in high-barrier-to-entry markets and sub-markets where it believes it is, or can become, a significant and preferred owner and operator. With changing work force demographics and reduced demand for suburban office properties in its markets, the Company intends to continue to leverage its experience and expertise in its core Northeast markets to pursue multi-family rental investments in those markets, primarily through development, both wholly owned and through joint ventures. This strategy includes selectively disposing of office and office/flex assets and re-deploying proceeds to multi-family rental properties, as well as the repositioning of a portion of its office properties and land held for development to multi-family rental properties.

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 residents, and achieve high 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, 2014, executive officers and directors of the Company and their affiliates owned approximately six 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 31 years.

BUSINESS STRATEGIES

Operations

Reputation: The Company has established a reputation as a highly-regarded landlord with an emphasis on delivering quality customer service 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 residents and the attraction of new tenants and residents. The Company believes it provides a superior level of service to its customers, which should in turn, allow the Company to maintain occupancy rates, at or above market levels, as well as improve tenant retention.

Communication with tenants: The Company emphasizes frequent communication with its customers 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.

The Company's in-house leasing representatives for its office portfolio develop and maintain long-term relationships with the Company's diverse tenant base and coordinate leasing, expansion, relocation and build-to-suit opportunities. 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.

The Company's in-house multi-family rental management team emphasizes meticulous attention to detail and an unwavering commitment to customer service to complement the quality, design excellence and luxury living attributes of its multi-family rental properties. The Company believes this strategy will enable the Company to buttress management's reputation with the market-leading designs, amenities and features of its multi-family rental properties to attract quality residents.

Portfolio Management: The Company plans to continue to own and operate a portfolio of office and office/flex properties in high-barrier-to-entry markets, with a primary focus in the Northeast. The Company also expects to continue to complement its core portfolio of office and office/flex properties by pursuing acquisition and development opportunities in the multi-family rental sector. 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.

The Company seeks to maximize the value of its existing office and office/flex portfolio through implementing operating strategies designed to produce the highest effective rental and occupancy rates and lowest tenant installation costs 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 the highest possible effective rents in light of current market conditions with contractual rent increases and developing or redeveloping office space for its diverse base of high credit quality tenants, including Daiichi Sankyo, 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.

The Company continually reviews its portfolio and opportunities to divest office and office/flex properties that, among other things, no longer meet its long-term strategy, have reached their potential, are less efficient to operate or can be sold at attractive prices when market conditions are favorable. The Company anticipates redeploying the proceeds from sales of office and office/flex properties to develop, redevelop and acquire multi-family rental properties, as well as reposition certain office properties into multi-family/mixed use properties, in its core Northeast sub-markets as part of its overall strategy to reposition its portfolio from office and office/flex to a mix of office, office/flex and multi-family rental properties.

The Company believes that the opportunity to invest in multi-family development properties at higher returns on cost will position the Company to potentially produce higher levels of net operating income than if the Company were to only purchase stabilized multi-family properties at market returns. The Company anticipates that it will be several years before its multi-family development projects are income-producing. The long-term nature of the Company's multi-family rental strategy coupled with the continued weakness in the Company's core office markets and the

disposition of income-producing, non-core office properties to fund the Company's multi-family rental acquisitions, development and repositioning of certain office properties into multi-family rental/mixed use properties will likely result in declining net operating income and cash flow relative to historical returns. As the Company continues to execute its multi-family residential strategy, the Company believes that over the long-term its net operating income and cash flow will stabilize at levels less than historical or current returns. The Company believes that the transition to a company with a greater proportion of its properties in the multi-family residential sector will ultimately result in the creation of greater shareholder value than remaining a primarily suburban commercial office company, in part due to the lower capitalization rates associated with the multi-family sector.

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, principally in the multi-family rental sector, that: (i) are expected to provide attractive long-term yields; (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 is or 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.

The Company has entered into and may continue in the future to enter into joint ventures (including limited liability companies and partnerships) through which it would own an indirect economic interest of less than 100 percent of a property owned directly by such joint ventures, and may include joint ventures that the Company does not control or manage, especially in connection with its expansion into the multi-family rental sector. The decision to pursue property acquisitions either directly or through joint ventures is based on a variety of factors and considerations, including: (i) the economic and tax terms required by a seller or co-developer of a property; (ii) the Company's desire to diversify its portfolio by expanding into the multi-family rental sector and achieve a blended portfolio of office and multi-family rental properties by market and sub-market; (iii) the Company's goal of maintaining a strong balance sheet; and (iv) the Company's expectation that, in some circumstances, it will be able to achieve higher returns on its invested capital or reduce its risk if a joint venture vehicle is used. Investments in joint ventures are not limited to a specified percentage of the Company's assets. Each joint venture agreement is individually negotiated, and the Company's ability to operate and/or dispose of its interests in a joint venture in its sole discretion may be limited to varying degrees depending on the terms of the joint venture agreement. Many of the Company's joint venture agreements entitle it to receive leasing, management, development and similar fees and/or a promoted interest if certain return thresholds are met. See Note 4: Investments in Unconsolidated Joint Ventures – to the Company's Financial Statements.

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. The Company identifies development opportunities primarily through its local market presence. Such development primarily will occur: (i) in stable core Northeast sub-markets where the demand for such space exceeds available supply; and (ii) where the Company is, or can become, a significant and preferred owner and operator. As part of the Company's strategy to expand its multi-family rental portfolio, the Company may consider development opportunities with respect to improved land with existing commercial uses and seek to rezone the sites for multi-family rental use and development. As a result of competitive market conditions for land suitable for development, the Company may be required to hold land prior to construction for extended periods while entitlements or rezoning is obtained. The Company also may undertake repositioning opportunities that may require the expenditure of significant amounts of capital.

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. The Company continually reviews its portfolio and opportunities to divest properties that, among other things, no longer meet its long-term strategy, have reached their potential, are less efficient to operate, or can be sold at attractive prices when market conditions are favorable.

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, 2014 and 2013, the Company's total debt constituted approximately 37.3 percent and 39.9 percent of total undepreciated assets of the Company, respectively. Although there is no limit in the Company's organizational documents on the amount of indebtedness that the Company may incur, 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 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, joint venture capital, and 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, 2014, the Company had approximately 600 full-time employees.

COMPETITION

The leasing of real estate is highly competitive. The Properties compete for tenants and residents 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 or amenities provided, the design and condition of the Properties, and reputation as an owner and operator of quality properties in the relevant markets. Additionally, the number of competitive multi-family rental properties in a particular area could have a material effect on the Company's ability to lease residential units and on rents charged. In addition, other forms of multi-family rental properties or single family housing provide alternatives to potential residents of multi-family properties. The Company competes with other entities, some of which may have significant resources or who may be willing to accept lower returns or pay higher prices than the Company in terms of acquisition and development opportunities. 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 and human health, 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 three industry segments: (i) commercial and other real estate, (ii) multi-family real estate, and (iii) multi-family services. As of December 31, 2014, 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

Acquisitions

On April 10, 2014, the Company acquired Andover Place, a 220-unit multi-family rental property located in Andover, Massachusetts, for approximately $37.7 million in cash. The purchase price for the property was funded primarily through borrowings under the Company's unsecured revolving credit facility.

On December 2, 2014, the Company acquired developable land in Conshohocken, Pennsylvania, for approximately $15.3 million, which was funded using available cash.

Sales

The Company sold the following office properties during the year ended December 31, 2014 (dollars in thousands):

Sale Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet		Net Sales Proceeds		Net Book Value		Realized Gain
04/23/14	22 Sylvan Way	Parsippany, New Jersey	1	249,409	$	94,897	$	60,244	$	34,653
06/23/14	30 Knightsbridge Road (a)	Piscataway, New Jersey	4	680,350		54,641		52,361		2,280
06/23/14	470 Chestnut Ridge Road (a) (b)	Woodcliff Lake, New Jersey	1	52,500		7,195		7,109		86
06/23/14	530 Chestnut Ridge Road (a) (b)	Woodcliff Lake, New Jersey	1	57,204		6,299		6,235		64
06/27/14	400 Rella Boulevard	Suffern, New York	1	180,000		27,539		10,938		16,601
06/30/14	412 Mount Kemble Avenue (a)	Morris Township, New Jersey	1	475,100		44,751		43,851		900
07/29/14	17-17 Route 208 North (a) (b)	Fair Lawn, New Jersey	1	143,000		11,835		11,731		104
08/20/14	555, 565, 570 Taxter Road (a)	Elmsford, New York	3	416,108		41,057		41,057		-
08/20/14	200, 220 White Plains Road (a)	Tarrytown, New York	2	178,000		12,619		12,619		-
08/20/14	1266 East Main Street (a) (b)	Stamford, Connecticut	1	179,260		18,406		18,246		160
Totals			16	2,610,931	$	319,239	$	264,391	$	54,848

(a) The Company completed the sale of these properties for approximately $221 million, comprised of: $192.5 million in cash from a combination of affiliates of Keystone Property Group's ("Keystone Entities") senior and pari-passu equity and mortgage financing; Company subordinated equity interests in each of the properties sold with capital accounts aggregating $21.2 million; and Company pari-passu equity interests in five of the properties sold aggregating $7.3 million. Net sale proceeds from the sale aggregated $196.8 million which was comprised of the $221 million gross sales price less the subordinated equity interests of $21.2 million and $3 million in closing costs. The purchasers of these properties are unconsolidated joint ventures formed between the Company and the Keystone Entities. The senior and pari-passu equity will receive a 15 percent internal rate of return ("IRR") after which the subordinated equity will receive a 10 percent IRR and then all distributable cash flow will be split equally between the Keystone Entities and the Company. See Note 4: Investments in Unconsolidated Joint Ventures. In connection with certain of these partial sale transactions, because the buyer received a preferential return on certain of the ventures for which the Company received subordinated equity interests, the Company only recognized profit to the extent that they received net proceeds in excess of their entire carrying value of the properties, effectively reflecting their retained subordinated equity interest at zero.

(b) The Company recorded an impairment charge of $20.8 million on these properties at December 31, 2013 as it estimated that the carrying value of the properties may not be recoverable over their anticipated holding periods.

Unconsolidated Joint Venture Activity

On May 21, 2014, the Company entered into a joint venture agreement with Ironstate Harborside-A LLC ("ISA") to form Harborside Unit A Urban Renewal, L.L.C. ("URL-Harborside"), a newly-formed joint venture that will develop, own and operate a high-rise tower of approximately 763 multi-family apartment units above a parking pedestal to be located on land contributed by the Company at its Harborside complex in Jersey City, New Jersey (the "URL Project"). The construction of the URL Project is estimated to cost a total of approximately $320 million (of which development costs of $65.1 million have been incurred by URL-Harborside through December 31, 2014). The URL Project is projected to be ready for occupancy by the fourth quarter of 2016. The URL Project has been awarded up to $33 million in future tax credits ("URL Tax Credits"), subject to certain conditions, from the New Jersey Economic Development Authority. The venture has an agreement to sell these credits, subject to certain conditions. On August 1, 2014, the venture obtained a construction/permanent loan with a maximum borrowing amount of $192 million (with no balance currently outstanding as of December 31, 2014), which bears interest at a rate of 5.197 percent and matures in August 2029. The Company currently expects that it will fund approximately $59.1 million of the remaining development costs of the project, net of the loan financing.

The Company owns an 85 percent interest in URL-Harborside and the remaining interest is owned by ISA, with shared control over major decisions such as, approval of budgets, property financings and leasing guidelines. Upon entering into the joint venture, the Company's initial contribution was $30.6 million, which included a capital credit of $30 per approved developable square foot for its contributed land aggregating approximately $20.6 million with the balance consisting of previously incurred development costs, and ISA's initial contribution was approximately $5.4 million. Included in the Company's investment in the unconsolidated joint venture is its land contribution with a carrying amount of $5.5 million. The Company has funded an additional $19.2 million in development costs for the venture through December 31, 2014.

On June 6, 2014, the Company and an affiliate of Keystone Property Group ("KPG") acquired 50 percent tenants-in-common interests each for $62.5 million in Curtis Center, an 885,000 square foot commercial office property located at 601 Walnut Street in Philadelphia, Pennsylvania (the "Curtis Center Property"), which amounted to a total purchase price of approximately $125.0 million for the property. In connection with the transaction, the Company provided short-term loans to KPG affiliates, as follows: a 90-day, $52.3 million loan which bore interest at an annual rate of 3.5 percent payable at maturity, which was collateralized by the KPG affiliates' interest in the Curtis Center Property; and a 90-day, $10 million loan which also bore interest at an annual rate of 3.5 percent payable at maturity. The $10 million loan was repaid in full on September 2, 2014 and the $52.3 million loan was subsequently repaid in full on October 1, 2014. The investments were funded by the Company primarily through borrowing under its revolving credit facility. The venture plans to reposition the property into a mixed-use property by converting a portion of existing office space into multi-family rental apartments.

Simultaneous with the acquisition of the Curtis Center Property, the Company and a KPG affiliate formed a new joint venture named KPG-MCG Curtis JV, LLC (the "Curtis Center JV"), which master leased the Curtis Center Property from the acquisition entities for approximately 29 years at market-based terms. The Company and the KPG affiliate both own a 50 percent interest in the Curtis Center JV, with shared control over major decisions.

On August 6, 2014, the Stamford SM LLC joint venture received repayment in full on the joint venture's senior mezzanine note receivable, of which the Company received a distribution of $37.8 million from the venture representing its share of the net proceeds.

On August 15, 2014, the Company acquired the equity interests of its joint venture partner in Overlook Ridge, L.L.C, Overlook Ridge JV, L.L.C. and Overlook Ridge JV 2C/3B, L.L.C. for $16.6 million, which was funded primarily through borrowing under the Company's unsecured revolving credit facility. As a result, the Company increased its ownership to 100 percent of the developable land and now consolidates these entities, which were previously accounted for through unconsolidated joint ventures (collectively, the "Consolidated Land"); and acquired an additional 25 percent, for a total of 50 percent of its subordinated, unconsolidated interests in two operating multi-family properties owned by those entities. In conjunction with the Company's acquisition of the Consolidated Land, the Company assumed loans with a total principal balance of $23.0 million, which bear interest in the range of LIBOR plus 2.50 to 3.50 percent.

Departures of Executive Officers

In March 2014, the Company entered into agreements with its Executive Vice President and Chief Financial Officer and Executive Vice President, General Counsel and Secretary pursuant to which these two executive officers left the Company. In November 2014, the Company entered into an agreement with its President and Chief Executive Officer pursuant to which he will step down as an officer and director of the Company in May 2015. For further information about these departures, see Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations - Departure of Executive Officers.

Operations

The Company's core office markets continue to be weak. The percentage leased in the Company's consolidated portfolio of stabilized operating commercial properties was 84.2 percent at December 31, 2014, as compared to 86.1 percent at December 31, 2013 and 87.2 percent at December 31, 2012. 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, 2014, 2013 and 2012 aggregate 205,220, 690,895 and 378,901 square feet, respectively, or 0.8, 2.5 and 1.2 percentage of the net rentable square footage, respectively. The Company believes that commercial vacancy rates may continue to increase in some of its markets through 2015 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 continued impact of the current state of the economy, including historically weak employment in certain of its markets, will continue to have a negative effect on the fundamentals of its business, including in particular lower occupancy and reduced effective rents in respect of the Company's commercial properties. 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 February 17, 2014, the Company repaid its $200 million face amount of 5.125 percent senior unsecured notes at their maturity, using available cash and borrowing on the Company's unsecured revolving credit facility.

On April 10, 2014, the Company obtained a $27.5 million mortgage loan, collateralized by its multi-family property located in Rahway, New Jersey. The loan bears interest of LIBOR plus 1.75 percent and matures in April 2019 with two one-year extension options, subject to certain conditions, with a fee of 125 basis points. The loan is interest-only during the initial three-year term.

On June 6, 2014, the Company and an affiliate of KPG acquired 50 percent tenants-in-common interests each for $62.5 million in the Curtis Center Property, which amounted to a total purchase of approximately $125.0 million for the property. On October 1, 2014, the Company obtained $64.0 million in mortgage loan proceeds, representing its 50 percent interest in a $102 million senior loan with a current rate of 3.455 percent at December 31, 2014 and its 50 percent interest in a $26 million mezzanine loan (with a maximum borrowing capacity of $48 million) with a current rate of 9.661 percent at December 31, 2014. These loans are scheduled to mature in October 2016 and are collateralized by the Curtis Center Property. The senior loan rate is based on a floating rate of one-month LIBOR plus 329 basis points and the mezzanine loan rate is based on a floating rate of one-month LIBOR plus 950 basis points. Both loans have LIBOR caps for the period. The loans provide for three one-year extension options.

On December 17, 2014, the Company redeemed $150 million principal amount of its 5.125 percent Notes due January 15, 2015 (the "Notes"). The redemption price, including a make-whole premium, was 100.380 percent of the principal amount of the Notes, plus all accrued and unpaid interest up to the Redemption Date. The Company funded the redemption price, including accrued and unpaid interest, of approximately $153.8 million using available cash and borrowings on the Company's unsecured revolving credit facility. In connection with the redemption, the Company recorded approximately $0.6 million as a loss from early extinguishment of debt (including the write-off of unamortized deferred financing costs).

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," "potential," "projecte "should," "expect," "anticipate," "estimate," "continue" or comparable terminology. Forward-looking statements are inheren subject to risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, we can give no assurance that such expectations will be achieved. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Among the factors about which we have made assumptions are:

- risks and uncertainties affecting the general economic climate and conditions, which in turn may have a negative effect on the fundamentals of our business and the financial condition of our tenants and residents;
- the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;
- the extent of any tenant bankruptcies or of any early lease terminations;

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

For further information on factors which could impact us and the statements contained herein, see Item 1A: Risk Factors. 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 suburban 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 continuing volatility in the financial and credit markets, the general global economic conditions, continuing high unemployment, and other market or economic challenges experienced by the U.S. economy or the real estate industry as a whole. Our business also may 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 and New York. Because our portfolio currently consists primarily of office and office/flex buildings (as compared to a more diversified real estate portfolio) located principally in the Northeast, if economic conditions persist or deteriorate, then our results of operations, financial condition and ability to service current debt and to pay distributions to our shareholders may be adversely affected by the following, among other potential conditions:

- significant job losses in the financial and professional services industries may occur, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from both our existing operations and our acquisition and development activities and increase our future interest expense;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors;
- reduced liquidity in debt markets and increased credit risk premiums for certain market participants may impair our ability to access capital; and
- one or more lenders under our line of credit could refuse or be unable to fund their financing commitment to us and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

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

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

- changes in the general economic climate and conditions;
- 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;
- an oversupply or reduced demand for multi-family apartments caused by a decline in household formation, decline in employment or otherwise;
- decreased attractiveness of our properties to tenants and residents;
- competition from other office and office/flex and multi-family properties;
- development by competitors of competing multi-family communities;
- unwillingness of tenants to pay rent increases;
- rent control or rent stabilization laws, or other housing laws and regulations that could prevent us from raising multi-family rents to offset increases in operating costs;
- 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, landlord/tenant and other 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 or residents to pay rent;
- our inability to rent office or multi-family rental 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 and we may incur losses. Such losses may adversely affect our ability to make distributions or payments to our investors.

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, we cannot evict the tenant solely because of the bankruptcy and a potential court judgment rejecting and terminating such tenant's lease (which would subject all future unpaid rent to a statutory cap) 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 on favorable terms or at all. 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. For instance, 13.6 percent of our revenue is derived from tenants in the Securities, Commodity Contracts and Other Financial industry, 10.1 percent from tenants in the Insurance Carriers and Related Activities industry and 7.5 percent from tenants in the Manufacturing industry. Our business could be adversely affected if any of these industries suffered a downturn and/or 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 the Operating Partnership 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, 2014, seven of our properties, with an aggregate net book value of approximately $125.3 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. 110 of our properties, with an aggregate net book value of approximately $1.3 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.

New acquisitions, including acquisitions of multi-family rental real estate, may fail to perform as expected and will subject us to additional new risks: We intend to and may acquire new properties, primarily in the multi-family rental sector, 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, residents, 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. The search for and process of acquiring such properties will also require a substantial amount of management's time and attention. As our portfolio shifts from primarily commercial office properties to increasingly more multi-family rental properties we will face additional and new risks such as:

- shorter-term leases of one-year on average for multi-family rental communities, which allow residents to leave after the term of the lease without penalty;
- increased competition from other housing sources such as other multi-family rental communities, condominiums and single-family houses that are available for rent as well as for sale;
- dependency on the convenience and attractiveness of the communities or neighborhoods in which our multi-family rental properties are located and the quality of local schools and other amenities;
- dependency on the financial condition of Fannie Mae or Freddie Mac which provide a major source of financing to the multi-family rental sector; and
- compliance with housing and other new regulations.

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, lead paint and asbestos) 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, and particularly residential properties, 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 continuing 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.

Development of real estate, including the development of multi-family rental 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;
- failure to complete construction and lease-up on schedule or within budget may increase debt service expense and construction and other costs; and
- failure to rent the development at all or at rent levels originally contemplated.

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 (i) our co-venturers or partners may, at any time, become insolvent or otherwise refuse to make capital contributions when due, (ii) we may be responsible to our co-venturers or partners for indemnifiable losses, (iii) we may become liable with respect to

guarantees of payment or performance by the joint ventures, (iv) we may become subject to buy-sell arrangements which could cause us to sell our interests or acquire our co-venturer's or partner's interests in a joint venture, or (v) 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 performance is subject to risks associated with repositioning a significant portion of the Company's portfolio from office to multi-family rental properties.

Repositioning the Company's office portfolio may result in impairment charges or less than expected returns on office properties: There can be no assurance that the Company, as it seeks to reposition a portion of its portfolio from office to the multi-family rental sector will be able to sell office properties and purchase multi-family rental properties at prices that in the aggregate are profitable for the Company or are efficient use of its capital or that would not result in a reduction of the Company's cash flow. Because real estate investments are relatively illiquid, it also may be difficult for the Company to promptly sell its office properties that are held or may be designated for sale promptly or on favorable terms, which could have a material adverse effect on the Company's financial condition. In addition, as the Company identifies non-core office properties that may be held for sale or that it intends to hold for a shorter period of time than previously, it may determine that the carrying value of a property is not recoverable over the anticipated holding period of the property. As a result, the Company may incur impairment charges for certain of these properties to reduce their carrying values to the estimated fair market values. See Note 3: Real Estate Transactions – Impairments on Properties Held and Used. Moreover, as the Company seeks to reposition a portion of its portfolio from office to the multi-family rental sector, the Company may be subject to a Federal income tax on gain from sales of properties due to limitations in the Code and related regulations on a real estate investment trust's ability to sell properties. The Company intends to structure its property dispositions in a tax-efficient manner and avoid the prohibition in the Code against a real estate investment trust holding properties for sale. There is no guaranty, however, that such dispositions can be achieved without the imposition of federal income tax on any gain recognized.

If costs of developing multi-family rental properties increase, we do not expect to achieve as high a return on our multi-family development properties as compared with our historical or current returns in the commercial sector: Our current strategy involves disposing of non-core office and office/flex properties and redeploying the proceeds from those dispositions to acquire multi-family rental properties, including development projects. Although there has been widespread instability in capitalization rates in all real estate sectors since the credit market disruptions and economic slowdown in 2008, generally capitalization rates are higher in the office sector but more stable (and lower) in the multi-family residential sector. The Company believes that the opportunity to invest in multi-family development properties at higher returns on cost will position the Company to potentially produce higher levels of net operating income than if the Company purchased a stabilized multi-family property at a lower anticipated return. However, if costs of developing a multi-family residential property increase, there could be less arbitrage between the costs to develop versus the price to purchase stabilized multi-family residential properties. Consequently, the Company does not expect as high a return on its multi-family residential development properties as with our historical or current returns in the commercial sector.

Unfavorable changes in market and economic conditions could adversely affect multi-family rental occupancy, rental rates, operating expenses, and the overall market value of our assets, including joint ventures. Local conditions that may adversely affect conditions in multi-family residential markets include the following:

- plant closings, industry slowdowns and other factors that adversely affect the local economy;
- an oversupply of, or a reduced demand for, apartment units;
- a decline in household formation or employment or lack of employment growth;
- the inability or unwillingness of residents to pay rent increases;
- rent control or rent stabilization laws, or other laws regulating housing, that could prevent us from raising rents to offset increases in operating costs; and
- economic conditions that could cause an increase in our operating expenses, such as increases in property taxes, utilities, compensation of on-site associates and routine maintenance.

Changes in applicable laws, or noncompliance with applicable laws, could adversely affect our operations or expose us to liability: We must develop, construct and operate our communities in compliance with numerous federal, state and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include zoning laws, building codes, landlord tenant laws and other laws generally applicable to business operations. Noncompliance with applicable laws could expose us to liability. Lower revenue growth or significant unanticipated expenditures may result from our need to comply with changes in (i) laws imposing remediation requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions, (ii) rent control or rent stabilization laws or other residential landlord/tenant laws, or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of our communities, including changes to building codes and fire and life-safety codes.

Failure to succeed in new markets, or with new brands and community formats, or in activities other than the development, ownership and operation of residential rental communities may have adverse consequences: We are actively engaged in development and acquisition activity in new submarkets within our core, Northeast markets where we have owned and operated our historical portfolio of office properties. Our historical experience with properties in our core, Northeast markets in developing, owning and operating properties does not ensure that we will be able to operate successfully in the new multi-family submarkets. We will be exposed to a variety of risks in the multi-family submarkets, including:

- an inability to accurately evaluate local apartment market conditions;
- an inability to obtain land for development or to identify appropriate acquisition opportunities;
- an acquired property may fail to perform as we expected in analyzing our investment;
- our estimate of the costs of repositioning or developing an acquired property may prove inaccurate; and
- lack of familiarity with local governmental and permitting procedures.

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 make distributions or payments 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, 2014, we had total outstanding indebtedness of $2.1 billion comprised of $1.3 billion of senior unsecured notes and approximately $821 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 or adjust our capital expenditures in general or with respect to our strategy of acquiring multi-family residential properties and development opportunities in particular;
- 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, 2014, outstanding borrowings of approximately $160 million of our mortgage indebtedness bear interest at variable rates. We may incur additional 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 the Operating Partnership'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.

Adverse changes in our credit ratings could adversely affect our business and financial condition: The credit ratings assigned to our senior unsecured notes by nationally recognized statistical rating organizations (the "NRSROs") are based on our operating performance, liquidity and leverage ratios, overall financial position and other factors

employed by the NRSROs in their rating analyses of us. These ratings and similar ratings of us and any debt or preferred securities we may issue are subject to ongoing evaluation by the NRSROs, and we cannot assure you that any such ratings will not be changed by the NRSROs if, in their judgment, circumstances warrant. Our credit ratings can affect the amount of capital we can access, as well as the terms of any financings we may obtain. There can be no assurance that we will be able to maintain our current credit ratings, and in the event our current credit ratings are downgraded, we would likely incur higher borrowing costs and may encounter difficulty in obtaining additional financing.

Competition for skilled personnel could increase our labor costs.
We compete with various other companies in attracting and retaining qualified and skilled personnel and are currently conducting a search for a new chief executive officer to succeed our current chief executive officer who will step down in May 2015. 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 key personnel for strategic business direction and real estate experience, including our chief executive officer, a successor chief executive officer expected to be selected in 2015, and our chief financial officer and our chief legal officer. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. We do not have key man life insurance for our key personnel. In addition, as the Company seeks to reposition a portion of its portfolio from office to the multi-family rental sector, the Company may become increasingly dependent on non-executive personnel with residential development and leasing expertise to effectively execute the Company's long-term strategy.

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.

At our 2014 annual meeting of stockholders, stockholders approved amendments to our charter and bylaws to declassify our Board of Directors over a three year period from 2015 through 2017 such that each director whose term expires at the annual meeting of stockholders in 2015 through 2017 will be elected to hold office until the next annual meeting of stockholders following their election, instead of the third-succeeding annual meeting, and until their successors are elected and qualify. During this transition period, our Board of Directors will remain classified with respect to the directors whose three year terms have not yet expired during such period, and Maryland law permits the Board of Directors to re-classify the Board of Directors at any time. 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. We have, in our corporate governance principles, adopted a mandatory retirement age of 80 years old for directors.

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. As a result, our Board of Directors may establish a series of preferred stock that could delay or prevent a transaction or a change in control.

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 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. 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 certain business combinations, including mergers, consolidations, share exchanges or, in circumstances specified in the statute, asset transfers, issuances or reclassifications 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 holders of "control shares" of a corporation acquired in a "control share acquisition" shall have no voting rights with respect to the control shares 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 the Operating Partnership's partnership units is required: (i) to merge (or permit the merger of) us with another unrelated person, pursuant to a transaction in which the Operating Partnership is not the surviving entity; (ii) to dissolve, liquidate or wind up the Operating Partnership; or (iii) to convey or otherwise transfer all or substantially all of the Operating Partnership's assets. As of February 13, 2015, as general partner, we own approximately 88.9 percent of the Operating Partnership'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. From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and municipalities in which we operate may lead to an increase in the frequency and amount of such increase. These actions could adversely affect our financial condition and results of operations. 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 such legislative action may prospectively or retroactively modify our and the Operating Partnership’s tax treatment and, therefore, may adversely affect taxation of us, the Operating Partnership, and/or our investors.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.
In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our tenants and business partners, including personally identifiable information of our tenants and employees, in our data centers and on our networks. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, which could adversely affect our business.

We face possible risks associated with the physical effects of climate change.
We cannot predict with certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change could have a material adverse effect on our properties, operations and business. For

example, many of our properties are located along the East coast, particularly those in New Jersey, New York and Connecticut. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity and rising sea-levels. Over time, these conditions could result in declining demand for office space in our buildings or the inability of us to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy and increasing the cost of snow removal or related costs at our properties. Proposed legislation to address climate change could increase utility and other costs of operating our properties which, if not offset by rising rental income, would reduce our net income. There can be no assurance that climate change will not have a material adverse effect on our properties, operations or business.

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, 2014, the Company’s Consolidated Properties consisted of 219 in-service office, office/flex and industrial/warehouse properties, as well as six multi-family properties, three 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 25.3 million square feet of commercial space and 1,301 apartments with the individual commercial 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 commercial 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 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
NEW JERSEY							
BERGEN COUNTY							
Fort Lee							
One Bridge Plaza	1981	200,000	90.5	4,729	0.96	26.13	22.93
2115 Linwood Avenue	1981	68,000	87.8	1,042	0.21	17.45	14.57
Lyndhurst							
210 Clay Avenue	1981	121,203	82.4	2,377	0.48	23.80	21.55
Montvale							
135 Chestnut Ridge Road	1981	66,150	66.6	925	0.19	21.00	17.70
Paramus							
15 East Midland Avenue	1988	259,823	54.2	3,146	0.64	22.34	18.73
140 East Ridgewood Avenue	1981	239,680	71.9	3,885	0.79	22.54	18.56
461 From Road	1988	253,554	91.1	2,583	0.52	11.18	9.80
650 From Road	1978	348,510	86.1	6,554	1.33	21.84	18.18
61 South Paramus Road (f)	1985	269,191	60.1	4,396	0.89	27.17	22.31
Rochelle Park							
120 West Passaic Street	1972	52,000	99.6	1,502	0.30	29.00	26.99
365 West Passaic Street	1976	212,578	82.3	3,534	0.72	20.20	17.26
395 West Passaic Street	1979	100,589	62.5	1,140	0.23	18.13	14.40
Upper Saddle River							
1 Lake Street	1973/94	474,801	100.0	7,467	1.52	15.73	15.73
10 Mountainview Road	1986	192,000	77.2	3,066	0.62	20.68	17.41
Woodcliff Lake							
400 Chestnut Ridge Road	1982	89,200	100.0	1,950	0.40	21.86	19.14
50 Tice Boulevard	1984	235,000	89.0	5,426	1.10	25.94	22.56
300 Tice Boulevard	1991	230,000	100.0	5,806	1.18	25.24	22.72
ESSEX COUNTY							
Millburn							
150 J.F. Kennedy Parkway	1980	247,476	64.0	4,557	0.92	28.77	22.83
Borough of Roseland							
4 Becker Farm Road	1983	281,762	94.9	6,975	1.42	26.09	24.95

5 Becker Farm Road	1982	118,343	67.9	1,861	0.38	23.16	22.03
6 Becker Farm Road	1982	129,732	78.3	2,575	0.52	25.35	24.99
101 Eisenhower Parkway	1980	237,000	80.3	4,618	0.94	24.27	20.18
103 Eisenhower Parkway	1985	151,545	73.5	2,580	0.52	23.16	18.72
105 Eisenhower Parkway	2001	220,000	38.1	2,490	0.51	29.71	17.14
75 Livingston Avenue	1985	94,221	64.2	1,268	0.26	20.96	18.42
85 Livingston Avenue	1985	124,595	81.8	2,599	0.53	25.50	24.90
HUDSON COUNTY							
Jersey City							
Harborside Plaza 1	1983	400,000	100.0	11,239	2.28	28.10	24.44
Harborside Plaza 2	1990	761,200	57.3	9,891	2.01	22.68	18.45
Harborside Plaza 3	1990	725,600	78.4	19,997	4.06	35.15	32.06
Harborside Plaza 4-A	2000	207,670	100.0	6,591	1.33	31.74	23.79
Harborside Plaza 5	2002	977,225	87.0	31,740	6.44	37.33	32.75
101 Hudson Street	1992	1,246,283	87.0	28,952	5.88	26.70	23.98
MERCER COUNTY							
Hamilton Township							
3 AAA Drive	1981	35,270	83.0	617	0.13	21.08	15.61
600 Horizon Drive	2002	95,000	100.0	1,191	0.24	12.54	11.74
700 Horizon Drive	2007	120,000	100.0	2,459	0.50	20.49	18.33
2 South Gold Drive	1974	33,962	72.0	483	0.10	19.75	17.38

Office Properties
(Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
Princeton							
103 Carnegie Center	1984	96,000	91.9	2,148	0.44	24.35	19.96
2 Independence Way	1981	67,401	100.0	1,537	0.31	22.80	22.24
3 Independence Way	1983	111,300	100.0	1,828	0.37	16.42	11.49
100 Overlook Center	1988	149,600	89.6	3,766	0.76	28.10	25.01
5 Vaughn Drive	1987	98,500	100.0	2,588	0.53	26.27	22.09
MIDDLESEX COUNTY							
East Brunswick							
377 Summerhill Road	1977	40,000	100.0	372	0.08	9.30	8.98
Edison							
343 Thornall Street (c)	1991	195,709	98.4	3,774	0.77	19.60	16.35
Plainsboro							
500 College Road East (f)	1984	158,235	89.1	3,140	0.64	22.27	17.92
Woodbridge							
581 Main Street	1991	200,000	99.3	5,202	1.06	26.19	22.32
MONMOUTH COUNTY							
Freehold							
2 Paragon Way	1989	44,524	59.5	501	0.10	18.91	15.63
3 Paragon Way	1991	66,898	88.2	1,176	0.24	19.93	17.34
4 Paragon Way	2002	63,989	50.1	450	0.09	14.04	13.19
100 Willow Brook Road	1988	60,557	57.4	772	0.16	22.21	19.74
Holmdel							
23 Main Street	1977	350,000	100.0	4,012	0.81	11.46	8.64
Middletown							
One River Centre Bldg 1	1983	122,594	96.6	2,975	0.60	25.12	21.02
One River Centre Bldg 2	1983	120,360	97.5	2,658	0.54	22.65	19.51
One River Centre Bldg 3 and 4	1984	214,518	93.3	4,859	0.99	24.28	22.44
Neptune							
3600 Route 66	1989	180,000	100.0	3,395	0.69	18.86	14.97

Wall Township							
1305 Campus Parkway	1988	23,350	92.4	501	0.10	23.22	18.08
1350 Campus Parkway	1990	79,747	99.9	953	0.19	11.96	11.35
MORRIS COUNTY							
Florham Park							
325 Columbia Turnpike	1987	168,144	100.0	4,006	0.81	23.82	20.17
Morris Plains							
201 Littleton Road	1979	88,369	75.4	1,286	0.26	19.30	15.08
Parsippany							
4 Campus Drive	1983	147,475	72.5	2,195	0.45	20.53	16.82
6 Campus Drive	1983	148,291	77.3	2,415	0.49	21.07	17.65
7 Campus Drive	1982	154,395	86.3	2,880	0.58	21.61	17.94
8 Campus Drive	1987	215,265	67.4	3,746	0.76	25.82	22.59
9 Campus Drive	1983	156,495	37.4	1,003	0.20	17.14	14.68
4 Century Drive	1981	100,036	52.8	1,025	0.21	19.41	15.13
5 Century Drive	1981	79,739	59.7	959	0.19	20.15	15.38
6 Century Drive	1981	100,036	45.5	1,016	0.21	22.32	18.72
2 Dryden Way	1990	6,216	100.0	99	0.02	15.93	14.64
4 Gatehall Drive	1988	248,480	84.9	4,564	0.93	21.63	18.62

Office Properties
(Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
2 Hilton Court	1991	181,592	100.0	6,528	1.33	35.95	32.83
1633 Littleton Road	1978	57,722	0.0	377	0.08	0.00	0.00
600 Parsippany Road	1978	96,000	93.2	1,638	0.33	18.31	14.81
1 Sylvan Way	1989	150,557	96.0	4,089	0.83	28.29	22.62
4 Sylvan Way	1984	105,135	100.0	1,548	0.31	14.72	14.35
5 Sylvan Way	1989	151,383	76.6	2,501	0.51	21.57	19.10
7 Sylvan Way	1987	145,983	0.0	10	0.00	0.00	0.00
14 Sylvan Way	2013	203,506	100.0	5,068	1.03	24.90	22.67
20 Waterview Boulevard	1988	225,550	93.8	4,725	0.96	22.33	20.13
35 Waterview Boulevard	1990	172,498	87.0	3,907	0.79	26.03	23.64
5 Wood Hollow Road	1979	317,040	60.5	4,834	0.98	25.20	19.68
PASSAIC COUNTY							
Totowa							
999 Riverview Drive	1988	56,066	91.8	890	0.18	17.29	13.85
SOMERSET COUNTY							
Basking Ridge							
222 Mount Airy Road	1986	49,000	75.1	705	0.14	19.16	14.35
233 Mount Airy Road	1987	66,000	67.5	886	0.18	19.89	16.30
Bridgewater							
440 Route 22 East	1990	198,376	90.2	4,711	0.96	26.33	22.41
721 Route 202/206	1989	192,741	98.6	4,414	0.90	23.23	16.69
Warren							
10 Indepedence Boulevard	1988	120,528	92.6	2,816	0.57	25.23	24.04
UNION COUNTY							
Clark							
100 Walnut Avenue	1985	182,555	90.1	4,301	0.87	26.15	22.74
Cranford							
6 Commerce Drive	1973	56,000	95.4	1,046	0.21	19.58	16.98
11 Commerce Drive	1981	90,000	79.6	1,865	0.38	26.03	22.29

12 Commerce Drive	1967	72,260	84.7	928	0.19	15.16	13.15
14 Commerce Drive	1971	67,189	88.8	1,168	0.24	19.58	16.68
20 Commerce Drive	1990	176,600	98.3	3,970	0.81	22.87	20.01
25 Commerce Drive	1971	67,749	81.9	1,298	0.26	23.39	19.99
65 Jackson Drive	1984	82,778	53.9	990	0.20	22.19	18.76
New Providence							
890 Mountain Avenue	1977	80,000	77.1	1,251	0.25	20.28	17.96
Total New Jersey Office		17,040,194	82.2	340,476	69.12	24.31	21.03
NEW YORK							
NEW YORK COUNTY							
New York							
125 Broad Street	1970	524,476	100.0	18,301	3.71	34.89	29.14
WESTCHESTER COUNTY							
Elmsford							
100 Clearbrook Road (c)	1975	60,000	91.7	1,058	0.21	19.23	17.56
101 Executive Boulevard	1971	50,000	0.0	52	0.01	0.00	0.00
Hawthorne							
1 Skyline Drive	1980	20,400	99.0	415	0.08	20.55	20.20
2 Skyline Drive	1987	30,000	100.0	543	0.11	18.10	13.70

Office Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
7 Skyline Drive	1987	109,000	78.4	2,059	0.42	24.09	19.20
17 Skyline Drive (f)	1989	85,000	100.0	1,461	0.30	17.19	16.76
White Plains							
1 Barker Avenue	1975	68,000	87.8	1,488	0.30	24.92	22.63
3 Barker Avenue	1983	65,300	95.9	1,479	0.30	23.62	21.91
50 Main Street	1985	309,000	79.1	7,735	1.57	31.65	28.03
11 Martine Avenue	1987	180,000	77.7	4,331	0.88	30.97	26.92
1 Water Street	1979	45,700	66.9	793	0.16	25.94	22.21
Yonkers							
1 Executive Boulevard	1982	112,000	100.0	2,868	0.58	25.61	22.73
3 Executive Boulevard	1987	58,000	100.0	1,697	0.35	29.26	27.50
Total New York Office		1,716,876	87.8	44,280	8.98	29.38	25.44
DISTRICT OF COLUMBIA							
WASHINGTON							
1201 Connecticut Avenue, NW	1940	169,549	89.1	6,671	1.35	44.16	39.25
1400 L Street, NW	1987	159,000	100.0	5,895	1.21	37.08	31.48
Total District of Columbia Office		328,549	94.4	12,566	2.56	40.53	35.26
MARYLAND							
PRINCE GEORGE'S COUNTY							
Greenbelt							
9200 Edmonston Road	1973	38,690	100.0	1,057	0.21	27.32	26.05
6301 Ivy Lane	1979	112,003	68.5	1,513	0.31	19.72	16.83
6303 Ivy Lane	1980	112,047	17.7	497	0.10	25.06	21.73
6305 Ivy Lane	1982	112,022	87.2	1,965	0.40	20.12	17.33

6404 Ivy Lane	1987	165,234	72.2	2,522	0.51	21.14	16.44
6406 Ivy Lane	1991	163,857	77.0	1,559	0.32	12.36	9.57
6411 Ivy Lane	1984	138,405	71.7	2,243	0.46	22.60	19.09
Lanham							
4200 Parliament Place	1989	122,000	97.4	2,904	0.59	24.44	22.48
Total Maryland Office		964,258	72.2	14,260	2.90	20.47	17.46
TOTAL OFFICE PROPERTIES		20,049,877	82.4	411,582	83.56	24.92	21.55

Office/Flex Properties

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
NEW JERSEY							
BURLINGTON COUNTY							
Burlington							
3 Terri Lane	1991	64,500	100.0	460	0.09	7.13	6.28
5 Terri Lane	1992	74,555	100.0	623	0.13	8.36	6.65
Moorestown							
2 Commerce Drive	1986	49,000	74.1	222	0.05	6.11	5.15
101 Commerce Drive	1988	64,700	100.0	275	0.06	4.25	3.85
102 Commerce Drive	1987	38,400	100.0	259	0.05	6.74	5.86
201 Commerce Drive	1986	38,400	60.4	58	0.01	2.50	2.29
202 Commerce Drive	1988	51,200	25.0	59	0.01	4.61	4.38
1 Executive Drive	1989	20,570	100.0	206	0.04	10.01	7.19
2 Executive Drive	1988	60,800	73.2	310	0.06	6.97	5.89
101 Executive Drive	1990	29,355	99.7	296	0.06	10.11	8.34
102 Executive Drive	1990	64,000	100.0	474	0.10	7.41	7.30
225 Executive Drive	1990	50,600	45.8	163	0.03	7.03	4.62
97 Foster Road	1982	43,200	100.0	170	0.03	3.94	3.06
1507 Lancer Drive	1995	32,700	100.0	146	0.03	4.46	3.43
1245 North Church Street	1998	52,810	77.8	169	0.03	4.11	3.19
1247 North Church Street	1998	52,790	77.6	227	0.05	5.54	4.69
1256 North Church Street	1984	63,495	100.0	477	0.10	7.51	6.58
840 North Lenola Road	1995	38,300	47.0	143	0.03	7.94	7.11
844 North Lenola Road	1995	28,670	100.0	204	0.04	7.12	5.72
915 North Lenola Road	1998	52,488	100.0	292	0.06	5.56	4.57
2 Twosome Drive	2000	48,600	100.0	404	0.08	8.31	7.43
30 Twosome Drive	1997	39,675	74.8	211	0.04	7.11	5.63
31 Twosome Drive	1998	84,200	100.0	429	0.09	5.10	4.56
40 Twosome Drive	1996	40,265	100.0	312	0.06	7.75	6.66
41 Twosome Drive	1998	43,050	100.0	283	0.06	6.57	5.32
50 Twosome Drive	1997	34,075	56.0	122	0.02	6.39	5.87
GLOUCESTER COUNTY							
West Deptford							
1451 Metropolitan Drive	1996	21,600	100.0	134	0.03	6.20	5.60

MERCER COUNTY							
Hamilton Township							
100 Horizon Center Boulevard	1989	13,275	100.0	158	0.03	11.90	7.31
200 Horizon Drive	1991	45,770	100.0	695	0.14	15.18	13.33
300 Horizon Drive	1989	69,780	53.2	530	0.11	14.28	10.86
500 Horizon Drive	1990	41,205	93.8	577	0.12	14.93	12.88
MONMOUTH COUNTY							
Wall Township							
1325 Campus Parkway	1988	35,000	100.0	612	0.12	17.49	14.20
1340 Campus Parkway	1992	72,502	75.1	771	0.16	14.16	11.28
1345 Campus Parkway	1995	76,300	100.0	966	0.20	12.66	9.90
1433 Highway 34	1985	69,020	98.1	616	0.13	9.10	6.82
1320 Wyckoff Avenue	1986	20,336	100.0	222	0.05	10.92	8.36
1324 Wyckoff Avenue	1987	21,168	100.0	188	0.04	8.88	6.76
PASSAIC COUNTY							
Totowa							
1 Center Court	1999	38,961	100.0	592	0.12	15.19	12.88
2 Center Court	1998	30,600	100.0	224	0.05	7.32	6.73
11 Commerce Way	1989	47,025	100.0	548	0.11	11.65	8.51
20 Commerce Way	1992	42,540	95.5	335	0.07	8.25	7.95

Office/Flex Properties (Continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
29 Commerce Way	1990	48,930	100.0	384	0.08	7.85	6.99
40 Commerce Way	1987	50,576	86.3	569	0.12	13.04	9.10
45 Commerce Way	1992	51,207	100.0	529	0.11	10.33	8.48
60 Commerce Way	1988	50,333	87.3	393	0.08	8.94	6.83
80 Commerce Way	1996	22,500	100.0	246	0.05	10.93	8.93
100 Commerce Way	1996	24,600	88.6	268	0.05	12.30	10.09
120 Commerce Way	1994	9,024	100.0	106	0.02	11.75	10.31
140 Commerce Way	1994	26,881	99.5	317	0.06	11.85	10.51
Total New Jersey Office/Flex		2,189,531	88.5	16,974	3.46	8.76	7.23
NEW YORK							
WESTCHESTER COUNTY							
Elmsford							
11 Clearbrook Road	1974	31,800	100.0	416	0.09	13.08	11.64
75 Clearbrook Road	1990	32,720	100.0	516	0.10	15.77	14.88
125 Clearbrook Road	2002	33,000	100.0	450	0.09	13.64	10.27
150 Clearbrook Road	1975	74,900	99.3	770	0.16	10.35	9.01
175 Clearbrook Road	1973	98,900	96.7	1,186	0.24	12.40	11.41
200 Clearbrook Road	1974	94,000	99.8	1,234	0.25	13.15	11.41
250 Clearbrook Road	1973	155,000	95.1	900	0.18	6.11	4.62
50 Executive Boulevard	1969	45,200	60.8	257	0.05	9.35	7.86
77 Executive Boulevard	1977	13,000	100.0	244	0.05	18.77	16.62
85 Executive Boulevard	1968	31,000	40.6	26	0.01	2.07	1.11
300 Executive Boulevard	1970	60,000	100.0	609	0.12	10.15	9.10
350 Executive Boulevard	1970	15,400	99.4	230	0.05	15.03	12.80
399 Executive Boulevard	1962	80,000	100.0	1,047	0.21	13.09	12.51
400 Executive Boulevard	1970	42,200	71.1	559	0.11	18.63	15.00
500 Executive Boulevard	1970	41,600	100.0	762	0.15	18.32	16.51
525 Executive Boulevard	1972	61,700	100.0	1,000	0.20	16.21	14.86
1 Westchester Plaza	1967	25,000	100.0	352	0.07	14.08	11.16
2 Westchester Plaza	1968	25,000	100.0	380	0.08	15.20	12.12
3 Westchester Plaza	1969	93,500	97.9	992	0.20	10.84	9.00

4 Westchester Plaza	1969	44,700	100.0	682	0.14	15.26	12.33
5 Westchester Plaza	1969	20,000	100.0	279	0.06	13.95	10.50
6 Westchester Plaza	1968	20,000	100.0	302	0.06	15.10	13.25
7 Westchester Plaza	1972	46,200	100.0	661	0.13	14.31	13.68
8 Westchester Plaza	1971	67,200	100.0	1,284	0.26	19.11	16.26
Hawthorne							
200 Saw Mill River Road	1965	51,100	100.0	725	0.15	14.19	12.94
4 Skyline Drive	1987	80,600	93.0	1,282	0.26	17.10	14.71
5 Skyline Drive	1980	124,022	99.8	1,571	0.32	12.69	10.86
6 Skyline Drive	1980	44,155	72.8	565	0.11	17.58	12.23
8 Skyline Drive	1985	50,000	85.4	821	0.17	19.23	16.46
10 Skyline Drive	1985	20,000	100.0	392	0.08	19.60	16.35
11 Skyline Drive (f)	1989	45,000	100.0	999	0.20	22.20	21.62
12 Skyline Drive (f)	1999	46,850	71.7	555	0.11	16.52	14.88
15 Skyline Drive (f)	1989	55,000	55.5	196	0.04	6.42	4.36
Yonkers							
100 Corporate Boulevard	1987	78,000	98.3	1,570	0.32	20.48	19.39
200 Corporate Boulevard South	1990	84,000	58.2	1,413	0.29	28.90	25.38
4 Executive Plaza	1986	80,000	100.0	1,507	0.31	18.84	15.99
6 Executive Plaza	1987	80,000	100.0	1,636	0.33	20.45	19.03
1 Odell Plaza	1980	106,000	93.7	1,556	0.32	15.67	14.25
3 Odell Plaza	1984	71,065	100.0	1,596	0.32	22.46	20.83

Office/Flex Properties (continued)
and Industrial/Warehouse, Retail Properties, and Land Leases

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
5 Odell Plaza	1983	38,400	99.6	650	0.13	17.00	15.50
7 Odell Plaza	1984	42,600	100.0	895	0.18	21.01	19.30
Total New York Office/Flex		2,348,812	92.8	33,067	6.70	15.16	13.34
CONNECTICUT							
FAIRFIELD COUNTY							
Stamford							
419 West Avenue	1986	88,000	100.0	1,576	0.32	17.91	15.27
500 West Avenue	1988	25,000	100.0	371	0.08	14.84	12.84
550 West Avenue	1990	54,000	81.3	782	0.16	17.81	16.92
600 West Avenue	1999	66,000	100.0	670	0.14	10.15	9.30
650 West Avenue	1998	40,000	100.0	561	0.11	14.03	11.18
Total Connecticut Office/Flex		273,000	96.3	3,960	0.81	15.06	13.20
TOTAL OFFICE/FLEX PROPERTIES		4,811,343	91.1	54,001	10.97	12.33	10.63
NEW YORK							
WESTCHESTER COUNTY							
Elmsford							
1 Warehouse Lane (f)	1957	6,600	100.0	107	0.02	16.21	15.00
2 Warehouse Lane (f)	1957	10,900	100.0	158	0.03	14.50	12.48
3 Warehouse Lane (f)	1957	77,200	100.0	399	0.08	5.17	4.96
4 Warehouse Lane (f)	1957	195,500	97.0	2,025	0.41	10.68	7.60
5 Warehouse Lane (f)	1957	75,100	97.1	958	0.19	13.14	11.93
6 Warehouse Lane (f)	1982	22,100	100.0	555	0.11	25.11	23.98

Total Industrial/Warehouse Properties		387,400	97.9	4,202	0.84	11.08	9.12
NEW JERSEY							
HUDSON COUNTY							
Weehawken							
500 Avenue at Port Imperial	2013	16,736	52.2	0	0.00	0.00	0.00
Total New Jersey Retail Properties		16,736	52.2	0	0.00	0.00	0.00
NEW YORK							
WESTCHESTER COUNTY							
Tarrytown							
230 White Plains Road	1984	9,300	0.0	119	0.02	0.00	0.00
Yonkers							
2 Executive Boulevard	1986	8,000	100.0	305	0.06	38.13	38.13
Total New York Retail Properties		17,300	46.2	424	0.08	53.00	52.88
Total Retail Properties		34,036	49.2	424	0.08	25.33	25.27
NEW YORK							
WESTCHESTER COUNTY							
Elmsford							
700 Executive Boulevard	-	-	-	160	0.03	-	-

Land Leases (continued)

Property Location	Year Built	Net Rentable Area (Sq. Ft.)	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Sq. Ft. ($) (c) (d)	2014 Average Effective Rent Per Sq. Ft. ($) (c) (e)
Yonkers							
1 Enterprise Boulevard	-	-	-	185	0.04	-	-
Total New York Land Leases		-	-	345	0.07	-	-
MARYLAND							
PRINCE GEORGE'S COUNTY							
Greenbelt							
Capital Office Park Parcel A	-	-	-	153	0.03	-	-
Total Maryland Land Leases		-	-	153	0.03	-	-
Total Land Leases		-	-	498	0.10	-	-
TOTAL COMMERCIAL PROPERTIES		25,282,656	84.2	470,707	95.55	22.10	19.11

Multi-Family Properties

	Year Built	Net Rentable Commercial Area (Sq. Ft.)	Number of Units	Percentage Leased as of 12/31/14 (%) (a)	2014 Base Rent ($000's) (b) (c)	Percentage of Total 2014 Base Rent (%)	2014 Average Base Rent Per Home ($) (c) (i)
NEW JERSEY							
MIDDLESEX COUNTY							
New Brunswick							
Richmond Court	1997	-	82	100.0	1,466	0.30	1,490
Riverwatch Commons	1995	-	118	98.3	2,093	0.42	1,504

UNION COUNTY							
Rahway							
Park Square	2011	5,934	159	96.9	3,659	0.74	1,980
Total New Jersey Multi-Family		5,934	359	98.1	7,218	1.46	1,709
MASSACHUSETTS							
ESSEX COUNTY							
Andover							
Andover Place (g) (h)	1988	-	220	94.5	2,350	0.48	1,292
SUFFOLK COUNTY							
Revere							
Alterra at Overlook Ridge IA	2004	-	310	96.5	5,265	1.07	1,467
Alterra at Overlook Ridge IB	2008	-	412	95.1	7,117	1.44	1,513
Total Massachusetts Multi-Family		-	942	95.4	14,732	2.99	1,447
Total Multi-Family Properties		5,934	1,301	96.2	21,950	4.45	1,520
TOTAL PROPERTIES		25,288,590	1,301		492,657(j)	100.00	

Footnotes to Property List (dollars in thousands except per square foot amounts):

(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, 2014 aggregating 205,220 square feet (representing 0.8 percent of the Company's total net rentable square footage) for which no new leases were signed.
(b) Total base rent for the 12 months ended December 31, 2014, determined in accordance with generally accepted accounting principles ("GAAP"). Substantially all of the commercial leases provide for annual base rents plus recoveries and escalation charges based upon the tenant's proportionate share of and/or increases in real estate taxes and certain operating costs, as defined, and the pass through of charges for electrical usage. For the 12 months ended December 31, 2014, total escalations and recoveries from tenants were: $61,255, or $3.71 per leased square foot, for office properties; $9,797, or $2.24 per leased square foot, for office/flex properties; and $1,810, or $4.54 per leased square foot, for other properties.
(c) Excludes space leased by the Company.
(d) Base rent for the 12 months ended December 31, 2014 divided by net rentable commercial square feet leased at December 31, 2014.
(e) Total base rent for 2014 minus 2014 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, 2014.
(f) This property is located on land leased by the Company.
(g) As this property was acquired, commenced initial operations or initially consolidated by the Company during the 12 months ended December 31, 2014, the amounts represented in 2014 base rent reflect only that portion of those 12 months during which the Company owned or consolidated the property. Accordingly, these amounts may not be indicative of the property's full year results. For comparison purposes, the amounts represented in 2014 average base rent per sq. ft. and per unit for this property have been calculated by taking the 12 months ended December 31, 2014 base rent for such property and annualizing these partial-year results, dividing such annualized amounts by the net rentable square feet leased or occupied units at December 31, 2014. These annualized per square foot and per unit amounts may not be indicative of the property's results had the Company owned or consolidated the property for the entirety of the 12 months ended December 31, 2014.
(h) Acquired on April 10, 2014. Amounts reflect period of ownership.
(i) Annualized base rent for the 12 months ended December 31, 2014 divided by units occupied at December 31, 2014, divided by 12.
(j) Excludes $24.1 million from properties which were sold during the year ended December 31, 2014.

PERCENTAGE LEASED

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

December 31,	Percentage of Square Feet Leased (%) (a)
2014	84.2

2013	86.1
2012	87.2
2011	88.3
2010	89.1

(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 commercial tenants for the Consolidated Properties as of December 31, 2014 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
DB Services New Jersey, Inc.	2	12,335,217	2.5	409,166	2.0	2017
National Union Fire Insurance Company of Pittsburgh, PA	2	10,956,822	2.2	388,651	1.9	(b)
Bank Of Tokyo-Mitsubishi FUJI, Ltd.	1	10,540,716	2.1	282,606	1.4	(c)
Forest Research Institute, Inc.	1	9,070,892	1.8	215,659	1.0	2017
United States of America-GSA	11	8,803,753	1.8	285,343	1.4	(d)
Prentice-Hall, Inc.	1	8,643,699	1.7	474,801	2.3	2015
Montefiore Medical Center	7	7,369,543	1.5	312,824	1.5	(e)
ICAP Securities USA, LLC	1	6,904,128	1.4	159,834	0.8	2017
TD Ameritrade Online Holdings	1	6,294,189	1.3	188,776	0.9	2020
Daiichi Sankyo, Inc.	1	6,256,513	1.3	171,900	0.8	2022
Merrill Lynch Pierce Fenner	1	5,883,780	1.2	294,189	1.4	2017
Wyndham Worldwide Operations	1	4,983,862	1.0	203,506	1.0	2029
New Cingular Wireless PCS, LLC	2	4,841,564	1.0	212,816	1.0	2018
KPMG, LLP	2	4,676,177	0.9	170,023	0.8	(f)
Vonage America, Inc.	1	4,427,500	0.9	350,000	1.7	2017
CohnReznick, LLP	2	4,333,954	0.9	155,056	0.7	(g)
HQ Global Workplaces, LLC	14	4,177,984	0.8	228,214	1.1	(h)
Arch Insurance Company	1	4,005,563	0.8	106,815	0.5	2024
AECOM Technology Corporation	1	3,707,752	0.7	91,414	0.4	2029
Allstate Insurance Company	6	3,364,195	0.7	141,164	0.7	(i)
SunAmerica Asset Management, LLC	1	3,167,756	0.6	69,621	0.3	2018
Tullett Prebon Holdings Corp.	1	3,127,970	0.6	100,759	0.5	2023
United Water Management & Services, Inc.	2	3,116,100	0.6	141,260	0.7	(j)
Morgan Stanley Smith Barney	3	3,099,988	0.6	103,173	0.5	(k)
Alpharma, LLC	1	3,098,092	0.6	112,235	0.5	2018
Xand Operations, LLC	2	3,014,150	0.6	131,078	0.6	2024

Plymouth Rock Management Company of New Jersey	2	2,961,873	0.6	116,889	0.6	(l)
E*Trade Financial Corporation	1	2,930,757	0.6	106,573	0.5	2022
Natixis North America, Inc.	1	2,823,569	0.6	89,907	0.4	2021
Continental Casualty Company	2	2,784,736	0.6	100,712	0.5	(m)
AAA Mid-Atlantic, Inc.	2	2,772,589	0.6	129,784	0.6	(n)
Tradeweb Markets, LLC	1	2,721,070	0.5	65,242	0.3	2027
Connell Foley, LLP	2	2,657,218	0.5	97,822	0.5	(o)
Virgin Mobile USA, LP	1	2,614,528	0.5	93,376	0.4	2016
New Jersey Turnpike Authority	1	2,605,798	0.5	100,223	0.5	2017
Lowenstein Sandler LLP	1	2,540,933	0.5	98,677	0.5	2017
Savvis Communications Corporation	1	2,430,116	0.5	71,474	0.3	2025
UBS Financial Services, Inc.	3	2,391,327	0.5	82,413	0.4	(p)
Tower Insurance Company of New York	1	2,306,760	0.5	76,892	0.4	2023
Bozzuto & Associates, Inc.	1	2,301,992	0.5	104,636	0.5	2025
Movado Group, Inc.	1	2,261,498	0.5	98,326	0.5	2018
Norris, McLaughlin & Marcus, PA	1	2,259,736	0.5	86,913	0.4	2017
Pitney Bowes Software, Inc.	1	2,253,645	0.5	73,379	0.4	2015
Bunge Management Services, Inc.	1	2,221,151	0.4	66,303	0.3	2020
Barr Laboratories, Inc.	1	2,209,107	0.4	89,510	0.4	2015
Sumitomo Mitsui Banking Corp.	2	2,170,167	0.4	71,153	0.3	2021
Herzfeld & Rubin, P.C.	1	2,140,236	0.4	56,322	0.3	2030
New Jersey City University	1	2,084,614	0.4	68,348	0.3	2035
Sun Chemical Management, LLC	1	2,034,798	0.4	66,065	0.3	2019
Syncsort, Inc.	1	1,991,439	0.4	73,757	0.4	2018
Totals		208,671,516	41.9	7,585,579	36.4	

See footnotes on subsequent page.

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Significant Tenants Footnotes

(a) Annualized base rental revenue is based on actual December 2014 billings times 12. For leases whose rent commences after January 1, 2015, 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) 271,533 square feet expire in 2018; 117,118 square feet expire in 2019.
(c) 20,649 square feet expire in 2018; 24,607 square feet expire in 2019; 237,350 square feet expire in 2029.
(d) 194,872 square feet expire in 2015; 15,851 square feet expire in 2016; 7,046 square feet expire in 2018; 26,276 square feet expire in 2020; 21,596 square feet expire in 2022; 19,702 square feet expire in 2023.
(e) 21,110 square feet expire in 2015; 20,712 square feet expire in 2016; 59,302 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; 14,842 square feet expire in 2021; 9,610 square feet expire in 2022; 8,500 square feet expire in 2023.
(f) 88,652 square feet expire in 2017; 81,371 square feet expire in 2019.
(g) 1,021 square feet expire in 2018; 154,035 square feet expire in 2020.
(h) 22,279 square feet expire in 2015; 12,407 square feet expire in 2017; 41,549 square feet expire in 2019; 21,008 square feet expire in 2020; 14,724 square feet expire in 2021; 36,158 square feet expire in 2023; 80,089 square feet expire in 2024.
(i) 5,348 square feet expire in 2015; 4,014 square feet expire in 2016; 75,740 square feet expire in 2017; 51,606 square feet expire in 2018; 4,456 square feet expire in 2019.
(j) 24,900 square feet expire in 2015; 116,360 square feet expire in 2035.
(k) 26,262 square feet expire in 2018; 34,516 square feet expire in 2025; 42,395 square feet expire in 2026.
(l) 10,271 square feet expire in 2015; 106,618 square feet expire in 2020.
(m) 6,488 square feet expire in 2015; 19,416 square feet expire in 2016; 74,808 square feet expire in 2031.
(n) 9,784 square feet expire in 2017; 120,000 square feet expire in 2022.
(o) 84,835 square feet expire in 2015; 12,987 square feet expire in 2026.
(p) 42,360 square feet expire in 2016; 13,340 square feet expire in 2022; 26,713 square feet expire in 2024.

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, 2015, 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 (%)
2015	268	2,249,007	10.9	49,665,016	22.08	10.1
2016	308	2,415,019	11.6	54,613,393	22.61	11.1
2017	293	3,541,656	17.0	84,454,331	23.85	17.0
2018	257	2,440,884	11.7	55,229,167	22.63	11.1
2019	217	2,181,594	10.5	47,051,967	21.57	9.5
2020	178	1,636,918	7.9	36,339,022	22.20	7.3
2021	89	1,189,736	5.7	31,737,140	26.68	6.4
2022	80	1,107,309	5.3	27,298,832	24.65	5.5
2023	46	1,050,586	5.0	26,970,030	25.67	5.4
2024	55	1,069,540	5.1	26,755,463	25.02	5.4
2025	33	585,206	2.8	12,976,959	22.18	2.6
2026 and thereafter	31	1,358,723	6.5	42,680,036	31.41	8.6
Totals/Weighted Average	1,855	20,826,178(c) (d)	100.0	495,771,356	23.81	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 2014 billings times 12. For leases whose rent commences after January 1, 2015 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, 2014 aggregating 184,140 square feet and representing annualized rent of $4,455,355 for which no new leases were signed.

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

	Square Feet
Square footage leased to commercial tenants	20,826,178
Square footage used for corporate offices, management offices, building use, retail tenants, food services, other ancillary service tenants and occupancy adjustments	472,559
Square footage unleased	3,989,853
Total net rentable commercial square footage (does not include land leases)	25,288,590

SCHEDULE OF LEASE EXPIRATIONS: OFFICE PROPERTIES

The following table sets forth a schedule of lease expirations for the office properties beginning January 1, 2015, 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 (%)
2015	212	1,819,461	11.2	44,880,149	24.67	10.4
2016	225	1,630,800	10.2	43,292,379	26.55	10.0
2017	217	2,932,320	18.3	76,144,181	25.97	17.6
2018	168	1,589,362	9.9	44,842,544	28.21	10.4
2019	161	1,453,549	9.1	36,781,619	25.30	8.5
2020	133	1,245,356	7.8	31,136,002	25.00	7.2
2021	75	1,031,652	6.4	29,557,295	28.65	6.8
2022	68	968,505	6.0	25,357,427	26.18	5.9
2023	36	835,658	5.2	24,075,147	28.81	5.6
2024	39	848,266	5.3	23,320,054	27.49	5.4
2025	17	373,419	2.3	10,241,533	27.43	2.4
2026 and thereafter	30	1,338,438	8.3	42,265,816	31.58	9.8
Totals/Weighted Average	1,381	16,066,786(c)	100.0	431,894,146	26.88	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 2014 billings times 12. For leases whose rent commences after January 1, 2015 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, 2014 aggregating 180,810 square feet and representing annualized rent of $4,420,390 for which no new leases were signed.

SCHEDULE OF LEASE EXPIRATIONS: OFFICE/FLEX PROPERTIES

The following table sets forth a schedule of lease expirations for the office/flex properties beginning January 1, 2015, 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 (%)
2015	53	418,832	9.6	4,574,567	10.92	7.7
2016	79	763,971	17.5	11,045,354	14.46	18.7
2017	76	609,336	14.0	8,310,150	13.64	14.1
2018	86	758,039	17.4	9,790,650	12.92	16.6
2019	53	683,600	15.7	9,460,932	13.84	16.0
2020	42	310,440	7.1	4,101,977	13.21	7.0
2021	14	158,084	3.6	2,179,845	13.79	3.7
2022	12	138,804	3.2	1,941,405	13.99	3.3
2023	7	127,407	2.9	1,921,530	15.08	3.3
2024	15	175,274	4.0	3,018,649	17.22	5.1
2025	14	195,051	4.5	2,265,106	11.61	3.8
2026 and thereafter	1	20,285	0.5	414,220	20.42	0.7
Totals/Weighted Average	452	4,359,123(c)	100.0	59,024,385	13.54	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 2014 billings times 12. For leases whose rent commences after January 1, 2015, 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. Includes office/flex tenants only. Excludes leases for amenity, retail, parking and month-to-month tenants. Some tenants have multiple leases.

(c) Includes leases expiring December 31, 2014 aggregating 3,330 square feet and representing annualized rent of $34,965 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, 2015, 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 (%)
2015	1	7,700	2.0	138,600	18.00	3.2
2016	3	19,188	5.1	251,804	13.12	5.9
2018	3	93,483	24.6	595,973	6.38	13.9
2019	3	44,445	11.7	809,416	18.21	18.9
2020	3	81,122	21.4	1,101,043	13.57	25.7
2023	3	87,521	23.1	973,353	11.12	22.7
2024	1	46,000	12.1	416,760	9.06	9.7
Totals/Weighted Average	17	379,459	100.0	4,286,949	11.30	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 2014 billings times 12. For leases whose rent commences after January 1, 2015, 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, 2015 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 (%)
2015	2	3,014	14.5	71,700	23.79	12.7
2016	1	1,060	5.1	23,856	22.51	4.2
2025	2	16,736	80.4	470,320	28.10	83.1
Totals/Weighted Average	5	20,810	100.0	565,876	27.19	100.0

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

(b) Annualized base rental revenue is based on actual December 2014 billings times 12. For leases whose rent commences after January 1, 2015 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 commercial tenants 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	67,022,645	13.6	2,214,666	10.7
Insurance Carriers & Related Activities	49,707,674	10.1	1,830,595	8.9
Manufacturing	37,019,351	7.5	1,732,265	8.3
Legal Services	34,368,512	6.9	1,283,503	6.2
Credit Intermediation & Related Activities	31,667,951	6.4	1,041,002	5.0
Telecommunications	21,423,813	4.3	1,128,014	5.4
Computer System Design Svcs.	21,394,596	4.3	940,671	4.5
Health Care & Social Assistance	19,568,374	3.9	1,047,300	5.0
Accounting/Tax Prep.	19,139,241	3.9	715,463	3.4
Wholesale Trade	17,961,068	3.6	1,210,602	5.8
Scientific Research/Development	14,949,699	3.0	489,757	2.4
Public Administration	14,362,713	2.9	530,258	2.5
Architectural/Engineering	13,495,108	2.7	521,491	2.5
Admin & Support, Waste Mgt. & Remediation Svcs.	12,618,315	2.5	616,428	3.0
Arts, Entertainment & Recreation	11,871,083	2.4	709,503	3.4
Other Professional	11,545,871	2.3	505,500	2.4
Other Services (except Public Administration)	11,148,055	2.2	446,654	2.1
Management/Scientific	11,003,200	2.2	427,923	2.1
Real Estate & Rental & Leasing	8,408,224	1.7	452,853	2.2
Advertising/Related Services	7,752,453	1.6	288,134	1.4
Retail Trade	7,684,538	1.6	478,344	2.3
Utilities	6,845,346	1.4	292,220	1.4
Accommodation & Food Services	6,329,326	1.3	270,962	1.3
Transportation	5,607,017	1.1	282,731	1.4
Broadcasting	4,799,462	1.0	173,323	0.8
Construction	4,575,212	0.9	262,651	1.3
Educational Services	4,547,641	0.9	192,979	0.9
Data Processing Services	4,094,078	0.8	144,448	0.7
Publishing Industries	3,908,541	0.8	193,519	0.9
Information Services	3,708,762	0.7	132,619	0.6
Other	7,243,487	1.5	269,800	1.2

TOTAL	495,771,356	100.0	20,826,178	100.0

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

(b) Annualized base rental revenue is based on actual December 2014 billings times 12. For leases whose rent commences after January 1, 2015,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 in effect as of the period end date, some of which have commencement dates in the future, and leases expiring December 31, 2014 aggregating 184,140 square feet and representing annualized rent of $4,455,355 for which no new leases were signed.

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

MARKET DIVERSIFICATION

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

Market (MSA)	Annualized Base Rental Revenue ($) (a) (b) (c)	Percentage Of Company Annualized Base Rental Revenue (%)	Total Property Size Rentable Area (b) (c)	Percentage Of Rentable Area (%)
Jersey City, NJ	112,273,764	22.6	4,334,714	17.0
Newark, NJ (Essex-Morris-Union Counties)	109,519,236	22.1	5,905,646	23.4
Bergen-Passaic, NJ	72,193,675	14.6	3,911,522	15.5
Westchester-Rockland, NY	67,999,671	13.7	3,945,912	15.6
Washington, DC-MD-VA-WV	28,503,264	5.7	1,292,807	5.1
Monmouth-Ocean, NJ	28,093,138	5.7	1,620,863	6.4
Middlesex-Somerset-Hunterdon, NJ	27,672,167	5.6	1,241,055	4.9
Trenton, NJ	19,747,125	4.0	956,597	3.8
New York (Manhattan)	17,874,043	3.6	524,476	2.1
Philadelphia, PA-NJ	7,739,929	1.6	1,281,998	5.1
Stamford-Norwalk, CT	4,155,344	0.8	273,000	1.1
Totals	495,771,356	100.0	25,288,590	100.0

(a) Annualized base rental revenue is based on actual December 2014 billings times 12. For leases whose rent commences after January 1, 2015, annualized base rental revenue is based on the first full month's billing times 12. As annualized base rental revenue is not derived from historical GAAP results, historical results may differ from those set forth above.

(b) Includes leases in effect as of the period end date, some of which have commencement dates in the future, and leases expiring December 31, 2014 aggregating 184,140 square feet and representing annualized rent of $4,455,355 for which no new leases were signed.

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

MARKET INFORMATION

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

The following table sets forth the quarterly high, low, and closing price per share of Common Stock reported on the NYSE for the years ended December 31, 2014 and 2013, respectively:

For the Year Ended December 31, 2014

	High	Low	Close
First Quarter	$ 23.23	$ 19.75	$ 20.79
Second Quarter	$ 22.44	$ 19.98	$ 21.48
Third Quarter	$ 22.05	$ 18.95	$ 19.11
Fourth Quarter	$ 20.11	$ 17.92	$ 19.06

For the Year Ended December 31, 2013

	High	Low	Close
First Quarter	$ 29.03	$ 25.78	$ 28.61
Second Quarter	$ 29.39	$ 22.59	$ 24.49
Third Quarter	$ 25.13	$ 20.60	$ 21.94
Fourth Quarter	$ 22.49	$ 19.05	$ 21.48

On February 13, 2015, the closing Common Stock price reported on the NYSE was $19.81 per share.

On June 9, 2014, the Company filed with the NYSE its annual CEO Certification and Annual Written Affirmation pursuant to Section 303A.12 of the NYSE Listed Company Manual, each certifying that the Company was in compliance with all of the listing standards of the NYSE.

HOLDERS

On February 13, 2015, the Company had 404 common shareholders of record. This does not include beneficial owners for whom Cede & Co. or others act as nominee.

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

During the three months ended December 31, 2014, the Company issued 8,168 shares of Common Stock to holders of common units in the Operating Partnership upon the redemption of such common units in private offerings pursuant to Section 4(2) of the Securities Act. The holders of the common units were limited partners of the Operating Partnership and accredited investors under Rule 501 of the Securities Act. The common units were converted into an

equal number of shares of Common Stock. The Company has registered the resale of such shares under the Securities Act.

DIVIDENDS AND DISTRIBUTIONS

During the year ended December 31, 2014, the Company declared four quarterly cash dividends on its common stock and common units of $0.30 per share and unit for the first quarter and $0.15 per share and unit for each of the second to the fourth quarters.

During the year ended December 31, 2013, the Company declared four quarterly cash dividends on its common stock and common units of $0.45 per share and unit for the first quarter and $0.30 per share and unit for each of the second to the fourth quarters.

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

PERFORMANCE GRAPH

The following graph compares total stockholder returns from the last five fiscal years to the Standard & Poor's 500 Index ("S&P 500") and to the National Association of Real Estate Investment Trusts, Inc.'s FTSE NAREIT Equity REIT Index ("NAREIT"). The graph assumes that the value of the investment in the Company's Common Stock and in the S&P 500 and NAREIT indices was $100 at December 31, 2009 and that all dividends were reinvested. The price of the Company's Common Stock on December 31, 2009 (on which the graph is based) was $34.57. The past stockholder return shown on the following graph is not necessarily indicative of future performance.

Comparison of Five-Year Cumulative Total Return

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SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table summarizes information, as of December 31, 2014, relating to equity compensation plans of the Company (including individual compensation arrangements) pursuant to which equity securities of the Company are authorized for issuance.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights		(b) Weighted-Average Exercise Price of Outstanding Options and Rights		(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column(a))
Equity Compensation Plans Approved by Stockholders……………………	356,946	(2)	33.36	(3)	4,424,013
Equity Compensation Plans Not Approved by Stockholders(1)…………………	157,730		N/A		N/A(4)
Total	514,676		N/A		4,424,013

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

(2) Includes 346,946 shares of restricted Common Stock.

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

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

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data on a consolidated basis for the Company. The consolidated selected operating and balance sheet data of the Company as of December 31, 2014, 2013, 2012, 2011 and 2010, and for the years then ended have been derived from the Company's financial statements for the respective periods.

Operating Data (a)	Year Ended December 31,				
In thousands, except per share data	2014	2013	2012	2011	2010
Total revenues	$ 636,799	$ 667,031	$ 650,632	$ 652,235	$ 715,492
Property expenses (b)	$ 276,193	$ 254,474	$ 241,955	$ 248,107	$ 250,763
Direct construction costs	$ -	$ 14,945	$ 12,647	$ 11,458	$ 60,255
Real estate services expenses	$ 26,136	$ 22,716	$ 3,746	$ 1,065	$ 1,719
General and administrative (c)	$ 73,169	$ 47,682	$ 47,664	$ 35,137	$ 34,464
Interest expense	$ 112,878	$ 123,701	$ 122,039	$ 123,858	$ 148,033
Income (loss) from continuing operations	$ 31,391	$ (89,686)	$ 37,566	$ 59,499	$ 46,431
Net income (loss) available to common shareholders	$ 28,567	$ (14,909)	$ 40,922	$ 69,684	$ 52,900
Income (loss) from continuing operations per share – basic	$ 0.32	$ (0.88)	$ 0.38	$ 0.59	$ 0.48
Income (loss) from continuing operations per share – diluted	$ 0.32	$ (0.88)	$ 0.38	$ 0.59	$ 0.48
Net income (loss) per share – basic	$ 0.32	$ (0.17)	$ 0.47	$ 0.81	$ 0.67
Net income (loss) per share – diluted	$ 0.32	$ (0.17)	$ 0.47	$ 0.81	$ 0.67
Dividends declared per common share	$ 0.75	$ 1.35	$ 1.80	$ 1.80	$ 1.80
Basic weighted average shares outstanding	88,727	87,762	87,742	86,047	79,224
Diluted weighted average shares outstanding	100,041	99,785	99,996	98,962	92,477

Balance Sheet Data	December 31,				
In thousands	2014	2013	2012	2011	2010
Rental property, before accumulated depreciation and amortization	$ 4,958,179	$ 5,129,933	$ 5,379,436	$ 5,279,770	$ 5,216,720
Total assets	$ 4,192,247	$ 4,515,328	$ 4,526,045	$ 4,295,759	$ 4,362,466
Total debt (d)	$ 2,088,654	$ 2,362,766	$ 2,204,389	$ 1,914,215	$ 2,089,494
Total liabilities	$ 2,310,236	$ 2,596,873	$ 2,457,538	$ 2,141,759	$ 2,318,529

Total Mack-Cali Realty Corporation stockholders' equity	$	1,624,781	$	1,642,359	$	1,766,974	$	1,889,564	$	1,758,272
Total noncontrolling interests in subsidiaries	$	257,230	$	276,096	$	301,533	$	264,436	$	285,665

(a) Certain reclassifications have been made to prior period amounts in order to conform with current period presentation.

(b) Property expenses is calculated by taking the sum of real estate taxes, utilities and operating services for each of the periods presented.

(c) Amount for the year ended December 31, 2014 includes $23.8 million of severance costs related to the pending departure of the Company's Chief Executive Officer and departure of certain of the Company's other executive officers in 2014.

(d) Total debt is calculated by taking the sum of senior unsecured notes, revolving credit facilities, and mortgages, loans payable and other obligations.

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

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

Executive Overview

Mack-Cali Realty Corporation together with its subsidiaries, (the "Company") is one of the largest real estate investment trusts (REITs) in the United States. The Company has been involved in all aspects of commercial real estate development, management and ownership for over 60 years and has been a publicly-traded REIT since 1994. The Company owns or has interests in 283 properties (collectively, the "Properties"), consisting of 264 commercial properties, primarily class A office and office/flex buildings, totaling approximately 31.0 million square feet, leased to approximately 2,000 commercial tenants and 19 multi-family rental properties containing 5,484 residential units. The Properties are located primarily in suburban markets of the Northeast, some with adjacent, Company-controlled developable land sites able to accommodate up to 5.7 million square feet of additional commercial space and up to 8,104 apartment units.

The Company's historical strategy has been to focus its operations, acquisition and development of office properties in high-barrier-to-entry markets and sub-markets where it believes it is, or can become, a significant and preferred owner and operator. With changing work force demographics and reduced demand for suburban office properties in its current markets, the Company intends to continue to leverage its experience and expertise in its core Northeast markets to pursue multi-family rental investments in those markets, both through acquisitions and developments, both wholly owned and through joint ventures. This strategy includes selectively disposing of office and office/flex assets and re-deploying proceeds to multi-family rental properties, as well as the repositioning of a portion of its office properties and land held for development to multi-family rental properties.

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

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

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

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

The Company's core office markets continue to be weak. The percentage leased in the Company's consolidated portfolio of stabilized operating commercial properties aggregating 25 million, 28 million and 31 million square feet at December 31, 2014, 2013 and 2012, respectively, was 84.2 percent leased at December 31, 2014, as compared to 86.1 percent leased at December 31, 2013 and 87.2 percent leased at December 31, 2012. 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, 2014, 2013 and 2012 aggregate 205,220, 690,895 and 378,901 square feet, respectively, or 0.8, 2.5 and 1.2 percentage of the net rentable square footage, respectively. Rental rates (including escalations) on the Company's commercial space that was renewed (based on first rents payable) during the year ended December 31, 2014 (on 1,649,145 square feet of renewals) decreased an average of 4.7 percent compared to rates that were in effect under the prior leases, as compared to a 7.1 percent decrease during 2013 (on 2,420,483 square feet of renewals) and a 2.4 percent decrease in 2012 (on 2,221,503 square feet of renewals). Estimated lease costs for the renewed leases in 2014 averaged $2.33 per square foot per year for a weighted average lease term of 4.0 years, estimated lease costs for the renewed leases in 2013 averaged $2.22 per square foot per year for a weighted average lease term of 3.8 years and estimated lease costs for the renewed leases in 2012 averaged $2.06 per square foot per year for a weighted average lease term of 4.0 years. The Company believes that commercial vacancy rates may continue to increase and commercial rental rates may continue to decline in some of its markets in 2015 and possibly beyond. For example, a significant tenant aggregating 474,801 square feet and approximately $8.6 million in annualized base rent, whose lease expires in the near-term is not renewing its lease. As of December 31, 2014, commercial leases which comprise approximately 10.1 percent of the Company's annualized base rent are scheduled to expire during the year ended December 31, 2015. With the decline of rental rates in the Company's office markets over the past few years, as leases expire in 2015, assuming no further changes in current market rental rates, the Company expects that the rental rates it is likely to achieve on new leases will generally be lower than the rates currently being paid, thereby resulting in less revenue from the same space. As a result of the above factors, the Company's future earnings and cash flow may continue to be negatively impacted by current market conditions affecting its commercial portfolio.

The Company expects that the continued impact of the current state of the economy, including historically weak employment in certain of its markets, will continue to have a negative effect on the fundamentals of its business, including in particular lower occupancy and reduced effective rents, in respect of the Company's commercial properties. These conditions would negatively affect the Company's future earnings and cash flow and could have a material adverse effect on the Company's financial condition.

As a result of the continued weakness in the Company's core office markets, the Company intends to continue to expand its holdings in the multi-family rental sector, which it believes has traditionally been a more stable product type. The Company believes that the opportunity to invest in multi-family development properties at higher returns on cost will position the Company to potentially produce higher levels of net operating income than if the Company were to only purchase stabilized multi-family rental properties at market returns. The Company anticipates that it will be several years before many of its multi-family development projects are income-producing. The long-term nature of the Company's multi-family strategy coupled with the continued weakness in the Company's core office markets and the disposition of income-producing non-core office properties, to fund the Company's multi-family rental acquisitions and development will likely result in declining net operating income and cash flow relative to historical returns. As the Company continues to execute its multi-family residential strategy, the Company believes that over the long-term its net operating income and cash flow will stabilize at levels less than historical or current returns.

As a result of the factors described above, the Company believes that there is a potential for one or more of the three nationally recognized statistical rating organizations to lower their current investment grade ratings on the Company's senior unsecured debt to sub-investment grade in 2015. Amongst other things, any such downgrade will increase the interest rate on outstanding borrowings under the Company's $600 million unsecured revolving credit facility from LIBOR plus 130 basis points to LIBOR plus 170 basis points and the annual credit facility fee it pays will increase from 30 to 35 basis points. In addition, a downgrade in its ratings to sub-investment grade would result in higher interest rates on senior unsecured debt that the Company may issue in the future as compared to issuing such debt with investment grade ratings.

Extended winter freeze conditions in early 2014 resulted in record electricity demand, as well as reduced natural gas production and distribution disruptions in the Company's northeast markets. These conditions in turn resulted in significant increases in the utility costs at most of the Company's properties (including both natural gas and electricity prices – the latter now being heavily dependent on gas fired power plants). The pricing situation has since stabilized and did not reoccur for the remainder of 2014 but could recur in future winters. The Company expects to recover a portion of these additional costs pursuant to the terms of most of its leases with tenants.

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

- recent transactions;
- critical accounting policies and estimates;
- results of operations for the year ended December 31, 2014 as compared to the year ended December 31, 2013;
- results of operations for the year ended December 31, 2013 as compared to the year ended December 31, 2012; and
- liquidity and capital resources.

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Recent Transactions

Acquisitions

On April 10, 2014, the Company acquired Andover Place, a 220-unit multi-family rental property located in Andover, Massachusetts, for approximately $37.7 million in cash. The purchase price for the property was funded primarily through borrowings under the Company's unsecured revolving credit facility.

On December 2, 2014, the Company acquired developable land in Conshohocken, Pennsylvania, for approximately $15.3 million, which was funded using available cash.

Sales

The Company sold the following office properties during the year ended December 31, 2014 (dollars in thousands):

Sale Date	Property/Address	Location	# of Bldgs.	Rentable Square Feet	Net Sales Proceeds	Net Book Value	Realized Gain
04/23/14	22 Sylvan Way	Parsippany, New Jersey	1	249,409	$ 94,897	$ 60,244	$ 34,653
06/23/14	30 Knightsbridge Road (a)	Piscataway, New Jersey	4	680,350	54,641	52,361	2,280
06/23/14	470 Chestnut Ridge Road (a) (b)	Woodcliff Lake, New Jersey	1	52,500	7,195	7,109	86
06/23/14	530 Chestnut Ridge Road (a) (b)	Woodcliff Lake, New Jersey	1	57,204	6,299	6,235	64
06/27/14	400 Rella Boulevard	Suffern, New York	1	180,000	27,539	10,938	16,601
06/30/14	412 Mount Kemble Avenue (a)	Morris Township, New Jersey	1	475,100	44,751	43,851	900
07/29/14	17-17 Route 208 North (a) (b)	Fair Lawn, New Jersey	1	143,000	11,835	11,731	104
08/20/14	555, 565, 570 Taxter Road (a)	Elmsford, New York	3	416,108	41,057	41,057	-
08/20/14	200, 220 White Plains Road (a)	Tarrytown, New York	2	178,000	12,619	12,619	-
08/20/14	1266 East Main Street (a) (b)	Stamford, Connecticut	1	179,260	18,406	18,246	160
Totals			16	2,610,931	$ 319,239	$ 264,391	$ 54,848

(a) The Company completed the sale of these properties for approximately $221 million, comprised of: $192.5 million in cash from a combination of affiliates of Keystone Property Group's ("Keystone Entities") senior and pari-passu equity and mortgage financing; Company subordinated equity interests in each of the properties sold with capital accounts aggregating $21.2 million; and Company pari-passu equity interests in five of the properties sold aggregating $7.3 million. Net sale proceeds from the sale aggregated $196.8 million which was comprised of the $221 million gross sales price less the subordinated equity interests of $21.2 million and $3 million in closing

costs. The purchasers of these properties are unconsolidated joint ventures formed between the Company and the Keystone Entities. The senior and pari-passu equity will receive a 15 percent internal rate of return ("IRR") after which the subordinated equity will receive a 10 percent IRR and then all distributable cash flow will be split equally between the Keystone Entities and the Company. See Note 4: Investments in Unconsolidated Joint Ventures. In connection with certain of these partial sale transactions, because the buyer received a preferential return on certain of the ventures for which the Company received subordinated equity interests, the Company only recognized profit to the extent that they received net proceeds in excess of their entire carrying value of the properties, effectively reflecting their retained subordinated equity interest at zero.

(b) The Company recorded an impairment charge of $20.8 million on these properties at December 31, 2013 as it estimated that the carrying value of the properties may not be recoverable over their anticipated holding periods.

On January 1, 2014, the Company early adopted the new discontinued operations accounting standard and as the properties sold during the year ended December 31, 2014 did not represent a strategic shift (as the Company is not entirely exiting markets or property types), they have not been reflected as part of discontinued operations.

Unconsolidated Joint Venture Activity

On May 21, 2014, the Company entered into a joint venture agreement with Ironstate Harborside-A LLC ("ISA") to form Harborside Unit A Urban Renewal, L.L.C. ("URL-Harborside"), a newly-formed joint venture that will develop, own and operate a high-rise tower of approximately 763 multi-family apartment units above a parking pedestal to be located on land contributed by the Company at its Harborside complex in Jersey City, New Jersey (the "URL Project"). The construction of the URL Project is estimated to cost a total of approximately $320 million (of which development costs of $65.1 million have been incurred by URL-Harborside through December 31, 2014). The URL Project is projected to be ready for occupancy by the fourth quarter of 2016. The URL Project has been awarded up to $33 million in future tax credits ("URL Tax Credits"), subject to certain conditions, from the New Jersey Economic Development Authority. The venture has an agreement to sell these credits, subject to certain conditions. On August 1, 2014, the venture obtained a construction/permanent loan with a maximum borrowing amount of $192 million (with no balance currently outstanding as of December 31, 2014), which bears interest at a rate of 5.197 percent and matures in August 2029. The Company currently expects that it will fund approximately $59.1 million of the remaining development costs of the project, net of the loan financing.

The Company owns an 85 percent interest in URL-Harborside and the remaining interest is owned by ISA, with shared control over major decisions such as, approval of budgets, property financings and leasing guidelines. Upon entering into the joint venture, the Company's initial contribution was $30.6 million, which included a capital credit of $30 per approved developable square foot for its contributed land aggregating approximately $20.6 million with the balance consisting of previously incurred development costs, and ISA's initial contribution was approximately $5.4 million. Included in the Company's investment in the unconsolidated joint venture is its land contribution with a carrying amount of $5.5 million. The Company has funded an additional $19.2 million in development costs for the venture through December 31, 2014.

On June 6, 2014, the Company and an affiliate of Keystone Property Group ("KPG") acquired 50 percent tenants-in-common interests each for $62.5 million in Curtis Center, an 885,000 square foot commercial office property located at 601 Walnut Street in Philadelphia, Pennsylvania (the "Curtis Center Property"), which amounted to a total purchase price of approximately $125.0 million for the property. In connection with the transaction, the Company provided short-term loans to KPG affiliates, as follows: a 90-day, $52.3 million loan which bore interest at an annual rate of 3.5 percent payable at maturity, which was collateralized by the KPG affiliates' interest in the Curtis Center Property; and a 90-day, $10 million loan which also bore interest at an annual rate of 3.5 percent payable at maturity. The $10 million loan was repaid in full on September 2, 2014 and the $52.3 million loan was repaid in full on October 1, 2014. The investments were funded by the Company primarily through borrowing under its revolving credit facility. The venture plans to reposition the property into a mixed-use property by converting a portion of existing office space into multi-family rental apartments.

Simultaneous with the acquisition of the Curtis Center Property, the Company and a KPG affiliate formed a new joint venture named KPG-MCG Curtis JV, LLC (the "Curtis Center JV"), which master leased the Curtis Center Property from the acquisition entities for approximately 29 years at market-based terms. The Company and the KPG affiliate both own a 50 percent interest in the Curtis Center JV, with shared control over major decisions.

On August 15, 2014, the Company acquired the equity interests of its joint venture partner in Overlook Ridge, L.L.C, Overlook Ridge JV, L.L.C. and Overlook Ridge JV 2C/3B, L.L.C. for $16.6 million, which was funded primarily through borrowing under the Company's unsecured revolving credit facility. As a result, the Company increased its ownership to 100 percent of the developable land and now consolidates these entities, which were previously accounted for through unconsolidated joint ventures (collectively, the "Consolidated Land"); and acquired an additional 25 percent, for a total of 50 percent of its subordinated, unconsolidated interests in two operating multi-family properties owned by those entities. See Note 4: Investments in Unconsolidated Joint Ventures. In conjunction with the Company's acquisition of the Consolidated Land, the Company assumed loans with a total principal balance of $23.0 million, which bear interest in the range of LIBOR plus 2.50 to 3.50 percent. See Note 10: Mortgages, Loans Payable and Other Obligations.

For the year ended December 31, 2014, included in general and administrative expense was an aggregate of approximately $2.1 million in transactions costs related to the Company's property and joint venture acquisitions.

Critical Accounting Policies and Estimates

The Financial Statements have been prepared in conformity with generally accepted accounting principles. The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses during the reported period. These estimates and assumptions are based on management's historical experience that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. The Company's critical accounting policies are those which require assumptions to be made about matters that are highly uncertain. Different estimates could have a material effect on the Company's financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions and circumstances.

Rental Property:

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Acquisition-related costs are expensed as incurred. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Interest capitalized by the Company for the years ended December 31, 2014, 2013 and 2012 was $15.5 million, $12.9 million and $4.3 million, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

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

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

Upon acquisition of rental property, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities assumed, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their fair values. The Company records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed exceed the purchase consideration of a transaction. In estimating the fair value of the tangible and intangible assets acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

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

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

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

Rental Property Held for Sale:
When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the estimated net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established.

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

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

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

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

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

of base rental revenue over the remaining terms of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases.

Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs.

Construction services revenue includes fees earned and reimbursements received by the Company for providing construction management and general contractor services to clients. Construction services revenue is recognized on the percentage of completion method. Using this method, profits are recorded on the basis of our estimates of the overall profit and percentage of completion of individual contracts. A portion of the estimated profits is accrued based upon estimates of the percentage of completion of the construction contract. This revenue recognition method involves inherent risks relating to profit and cost estimates.

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

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

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

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

Discontinued Operations:
In April 2014, the FASB issued guidance related to the reporting of discontinued operation and disclosures of disposals of components of an entity. This guidance defines a discontinued operation as a component or group of components disposed or classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and final result; the guidance states that a strategic shift could include a disposal of a major geographical area of operations, a major line of business, a major equity method investment or other major parts of an entity. The guidance also provides for additional disclosure requirements in connection with both discontinued operations and other dispositions not qualifying as discontinued operations. The guidance will be effective for all companies for annual and interim periods beginning on or after December 15, 2014. The guidance applies prospectively to new disposals and new classifications of disposal groups as held for sale after the effective date. All entities may early adopt the guidance for new disposals (or new classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Company has elected to early adopt this standard effective with the interim period beginning January 1, 2014. Prior to January 1, 2014, properties identified as held for sale and/or disposed of were presented in discontinued operations for all periods presented. See Note 7: Discontinued Operations – to the Financial Statements.

Results From Operations

The following comparisons for the year ended December 31, 2014 ("2014"), as compared to the year ended December 31, 2013 ("2013"), and for 2013 as compared to the year ended December 31, 2012 ("2012") make reference to the following: (i) the effect of the "Same-Store Properties," which represent all in-service properties owned by the Company at December 31, 2012, (for the 2014 versus 2013 comparisons), and which represent all in-service properties owned by the Company at December 31, 2011 (for the 2013 versus 2012 comparisons), excluding properties sold through December 31, 2014; (ii) the effect of the "Acquired Properties," which represent all properties acquired by the Company or commencing initial operation from January 1, 2013 through December 31, 2014 (for the 2014 versus 2013 comparisons), and which represents all properties acquired by the Company or commencing initial operations from January 1, 2012 through December 31, 2013 (for the 2013 versus 2012 comparisons), and (iii) the

effect of “Properties Sold in 2014,” which represent properties sold by the Company during the year ended December 31, 2014.

Year Ended December 31, 2014 Compared to Year Ended December 30, 2013

(dollars in thousands)	Year Ended December 31, 2014	2013	Dollar Change	Percent Change
Revenue from rental operations and other:				
Base rents	$ 516,727	$ 540,165	$ (23,438)	(4.3) %
Escalations and recoveries from tenants	78,554	72,758	5,796	8.0
Parking income	9,107	6,840	2,267	33.1
Other income	3,773	4,683	(910)	(19.4)
Total revenues from rental operations	608,161	624,446	(16,285)	(2.6)
Property expenses:				
Real estate taxes	90,750	85,574	5,176	6.0
Utilities	72,822	63,622	9,200	14.5
Operating services	112,621	105,278	7,343	7.0
Total property expenses	276,193	254,474	21,719	8.5
Non-property revenues:				
Construction services	-	15,650	(15,650)	(100.0)
Real estate services	28,638	26,935	1,703	6.3
Total non-property revenues	28,638	42,585	(13,947)	(32.8)
Non-property expenses:				
Direct construction costs	-	14,945	(14,945)	(100.0)
Real estate services expenses	26,136	22,716	3,420	15.1
General and administrative	73,169	47,682	25,487	53.5
Depreciation and amortization	172,490	182,766	(10,276)	(5.6)
Impairments	-	110,853	(110,853)	(100.0)
Total non-property expenses	271,795	378,962	(107,167)	(28.3)
Operating income (loss)	88,811	33,595	55,216	164.4
Other (expense) income:				
Interest expense	(112,878)	(123,701)	10,823	8.7
Interest and other investment income	3,615	2,903	712	24.5
Equity in earnings (loss) of unconsolidated joint ventures	(2,423)	(2,327)	(96)	(4.1)
Realized gains (losses) on disposition of rental property, net	54,848	-	54,848	-
Loss from early extinguishment of debt	(582)	(156)	(426)	(273.1)
Total other (expense) income	(57,420)	(123,281)	65,861	53.4
Income (loss) from continuing operations	31,391	(89,686)	121,077	135.0
Discontinued operations:				
Income from discontinued operations	-	11,811	(11,811)	(100.0)
Loss on early extinguishment of debt	-	(703)	703	100.0

Realized gains (losses) and unrealized losses on disposition of rental property and impairments, net	-	59,520	(59,520)	(100.0)
Total discontinued operations, net	-	70,628	(70,628)	(100.0)
Net income	31,391	(19,058)	50,449	264.7
Noncontrolling interest in consolidated joint ventures	778	2,199	(1,421)	(64.6)
Noncontrolling interest in Operating Partnership	(3,602)	10,459	(14,061)	(134.4)
Noncontrolling interest in discontinued operations	-	(8,509)	8,509	100.0
Net income available to common shareholders	$ 28,567	$ (14,909)	$ 43,476	291.6 %

The following is a summary of the changes in revenue from rental operations and property expenses in 2014 as compared to 2013 divided into Same-Store Properties, Acquired Properties and Properties Sold in 2014:

	Total Company		Same-Store Properties		Acquired Properties		Properties Sold in 2014	
(dollars in thousands)	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
Revenue from rental operations and other:								
Base rents	$ (23,438)	(4.3) %	$ (13,831)	(2.5) %	$ 13,073	2.4 %	$ (22,680)	(4.2) %
Escalations and recoveries from tenants	5,796	8.0	8,840	12.2	1,042	1.4	(4,086)	(5.6)
Parking income	2,267	33.1	(210)	(3.1)	2,485	36.3	(8)	(0.1)
Other income	(910)	(19.4)	(1,475)	(31.5)	644	13.8	(79)	(1.7)
Total	$ (16,285)	(2.6) %	$ (6,676)	(1.0) %	$ 17,244	2.7 %	$ (26,853)	(4.3) %
Property expenses:								
Real estate taxes	$ 5,176	6.0 %	$ 6,113	7.1 %	$ 2,483	2.9 %	$ (3,420)	(4.0) %
Utilities	9,200	14.5	11,025	17.3	862	1.4	(2,687)	(4.2)
Operating services	7,343	7.0	9,149	8.7	2,732	2.6	(4,538)	(4.3)
Total	$ 21,719	8.5 %	$ 26,287	10.3 %	$ 6,077	2.4 %	$ (10,645)	(4.2) %
OTHER DATA:								
Number of Consolidated Properties	232		224		8		16	
Commercial Square feet (in thousands)	25,363		25,137		226		2,611	
Multi-family portfolio (number of units)	1,301		-		1,301		-	

Base rents for the Same-Store Properties decreased $13.8 million, or 2.5 percent, for 2014 as compared to 2013, due primarily to a decrease in occupancy and rental rates in 2014 as compared to 2013. Escalations and recoveries from tenants for the Same-Store Properties increased $8.8 million, or 12.2 percent, for 2014 over 2013 due primarily to recoveries from tenants of higher electric expenses in 2014 which the Company partially recovers from tenants pursuant to the terms of most of its leases. Related to the Company's recovery from tenants of the increases in 2014 of

real estate taxes and operating services, the portion the Company is recovering of those expenses has generally been reduced in 2014 primarily as a result of lower occupancies, in conjunction with the re-set of base years on new and renewed leases, in 2014. Parking income for the Same-Store Properties was relatively unchanged for 2014 as compared to 2013. Other income for the Same-Store Properties decreased $1.5 million, or 31.5 percent, due primarily to a decrease in lease breakage fees recognized in 2014 as compared to 2013.

Real estate taxes on the Same-Store Properties increased $6.1 million, or 7.1 percent, for 2014 as compared to 2013. The change in real estate taxes principally results from a decrease in tax appeal proceeds received in 2014 as compared to 2013. Real estate taxes, without the effect of net tax appeal proceeds, increased $0.7 million, or 0.9 percent, for 2014 as compared to 2013 due primarily to increased rates. Utilities for the Same-Store Properties increased $11.0 million, or 17.3 percent, for 2014 as compared to 2013. As more fully discussed in the "Executive Overview", extended winter freeze conditions in early 2014 caused record electricity demand, and combined with reduced natural gas production and distribution disruptions, resulted in significant market price increases for electricity during the period. Operating services for the Same-Store Properties increased $9.1 million, or 8.7 percent, due primarily to an increase in repairs and maintenance, snow removal and insurance costs for 2014 as compared to 2013.

Construction services revenue decreased $15.7 million to zero and direct construction costs decreased $14.9 million to zero in 2014 as compared to 2013 due to the Company's phase out of this business segment. Real estate services revenues (primarily reimbursement of property personnel costs) increased by $1.7 million, or 6.3 percent, for 2014 as compared to 2013, due primarily to increased development and management activity in multi-family services in 2014 as compared to 2013. Real estate services expenses increased $3.4 million, or 15.1 percent, for 2014 as compared to 2013. This increase was due primarily to increased compensation and related costs from increased development and management activity in multifamily services in 2014 as compared to 2013.

General and administrative expenses increased $25.5 million in 2014 as compared to 2013, which was primarily due to severance costs related to the pending departure of the Company's Chief Executive Officer and the departure of certain of the Company's other executive officers in 2014.

Depreciation and amortization decreased by $10.3 million, or 5.6 percent, for 2014 over 2013. This decrease was due primarily to a decrease of $4.6 million for the Same-Store Properties due to assets becoming fully amortized, and a decrease of $8.7 million for 2014 as compared to 2013 for the properties sold in 2014 (which were not classified as discontinued operations). These were partially offset by an increase of $3.0 million for 2014 as compared to 2013 for the Acquired Properties.

The Company recorded $110.9 million in impairment charges in 2013, primarily on 18 properties to reduce their carrying values to their estimated fair market values, with no such charges taken in 2014.

Interest expense decreased by $10.8 million, or 8.7 percent, for 2014 as compared to 2013. This decrease was primarily the result of lower overall average debt balances in 2014 as compared to 2013.

Interest and other investment income increased $0.7 million, or 24.5 percent, for 2014 as compared to 2013. This was primarily due to interest income on higher average notes receivable balances in 2014.

Equity in earnings of unconsolidated joint ventures decreased $0.1 million, or 4.1 percent, for 2014 as compared to 2013. The Company had decreased income in 2014 of $1.4 million from the Stamford SM venture (due to the venture's note receivable being repaid in 2014), and an increased loss of $1.2 million in 2014 from the PruRose Riverwalk G venture. These were partially offset by increased income of $2.5 million from the Crystal House Apartments Investors venture in 2014 (as a result of the joint venture being entered into in March 2013).

The Company had realized gains on disposition of rental property of $54.8 million in 2014 (which were not classified as discontinued operations). See Note 3: Real Estate Transactions – Sales – to the Financial Statements.

In 2014, the Company recognized losses from early extinguishment of debt of $582,000 as compared to $156,000 in 2013. The 2014 amount was due to the early redemption of $150 million principal amount of 5.125 percent Notes in December 2014, which were scheduled to mature in January 2015. The 2013 amount was due to the partial early termination and extension of the Company's revolving credit facility as a result of decreased participation of certain lenders in the facility.

Income from continuing operations increased to $31.4 million in 2014 from a loss of $89.7 million in 2013. The increase of $121.1 million was due to the factors discussed above.

Net income available to common shareholders increased by $43.5 million, or 291.6 percent, from a loss of $14.9 million in 2013 to income of $28.6 million in 2014. The increase was primarily due to an increase in income from continuing operations of $121.1 million for 2014 as compared to 2013 (mostly due to the impairment charges in 2013 of $110.9 million), an impairment charge of $23.9 million on discontinued operations in 2013, a decrease in noncontrolling interest in discontinued operations of $8.5 million for 2014 as compared to 2013 and a loss on early extinguishment of debt of $0.7 million in 2013. These were partially offset by realized gains on disposition of rental property, net of $83.4 million in 2013 (which were classified as discontinued operations), a decrease in noncontrolling interest in Operating Partnership of $14.1 million for 2014 as compared to 2013, a decrease in income from discontinued operations of $11.8 million for 2014 as compared to 2013, and a decrease in noncontrolling interest in consolidated joint ventures of $1.4 million for 2014 as compared to 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

	Year Ended December 31,		Dollar	Percent
(dollars in thousands)	2013	2012	Change	Change
Revenue from rental operations and other:				
Base rents	$ 540,165	$ 535,822	$ 4,343	0.8 %
Escalations and recoveries from tenants	72,758	74,535	(1,777)	(2.4)
Parking income	6,840	6,021	819	13.6
Other income	4,683	12,091	(7,408)	(61.3)
Total revenues from rental operations	624,446	628,469	(4,023)	(0.6)
Property expenses:				
Real estate taxes	85,574	86,683	(1,109)	(1.3)
Utilities	63,622	58,267	5,355	9.2
Operating services	105,278	97,005	8,273	8.5
Total property expenses	254,474	241,955	12,519	5.2
Non-property revenues:				
Construction services	15,650	13,557	2,093	15.4
Real estate services	26,935	8,606	18,329	213.0
Total non-property revenues	42,585	22,163	20,422	92.1
Non-property expenses:				
Direct construction costs	14,945	12,647	2,298	18.2
Real estate services expenses	22,716	3,746	18,970	506.4
General and administrative	47,682	47,664	18	0.0
Depreciation and amortization	182,766	174,333	8,433	4.8
Impairments	110,853	9,845	101,008	1,026.0
Total non-property expenses	378,962	248,235	130,727	52.7
Operating income	33,595	160,442	(126,847)	(79.1)
Other (expense) income:				
Interest expense	(123,701)	(122,039)	(1,662)	(1.4)
Interest and other investment income	2,903	34	2,869	8,438.2
Equity in earnings (loss) of unconsolidated joint ventures	(2,327)	4,089	(6,416)	(156.9)
Loss from early extinguishment of debt	(156)	(4,960)	4,804	96.9
Total other (expense) income	(123,281)	(122,876)	(405)	(0.3)
Income (loss) from continuing operations	(89,686)	37,566	(127,252)	(338.7)
Discontinued operations:				
Income from discontinued operations	11,811	21,878	(10,067)	(46.0)
Loss from early extinguishment of debt	(703)	-	(703)	-
Realized gains (losses) and unrealized losses on				
	59,520	(13,175)	72,695	551.8

disposition of rental property and impairments, net				
Total discontinued operations, net	70,628	8,703	61,925	711.5
Net income (loss)	(19,058)	46,269	(65,327)	(141.2)
Noncontrolling interest in consolidated joint ventures	2,199	330	1,869	566.4
Noncontrolling interest in Operating Partnership	10,459	(4,619)	15,078	326.4
Noncontrolling interest in discontinued operations	(8,509)	(1,058)	(7,451)	(704.3)
Net income (loss) available to common shareholders	$ (14,909)	$ 40,922	$ (55,831)	(136.4) %

The following is a summary of the changes in revenue from rental operations and property expenses in 2013 as compared to 2012 divided into Same-Store Properties and Acquired Properties:

	Total Company		Same-Store Properties		Acquired Properties	
	Dollar	Percent	Dollar	Percent	Dollar	Percent
(dollars in thousands)	Change	Change	Change	Change	Change	Change
Revenue from rental operations and other:						
Base rents	$ 4,343	0.8 %	$ (9,602)	(1.8) %	$ 13,945	2.6 %
Escalations and recoveries from tenants	(1,777)	(2.4)	(2,700)	(3.6)	923	1.2
Parking income	819	13.6	(335)	(5.6)	1,154	19.2
Other income	(7,408)	(61.3)	(7,998)	(66.2)	590	4.9
Total	$ (4,023)	(0.6) %	$ (20,635)	(3.3) %	$ 16,612	2.7 %
Property expenses:						
Real estate taxes	$ (1,109)	(1.3) %	$ (3,161)	(3.7) %	$ 2,052	2.4 %
Utilities	5,355	9.2	4,326	7.4	1,029	1.8
Operating services	8,273	8.5	6,380	6.6	1,893	1.9
Total	$ 12,519	5.2 %	$ 7,545	3.1 %	$ 4,974	2.1 %
OTHER DATA:						
Number of Consolidated Properties	247		240		7	
Commercial Square feet (in thousands)	27,975		27,749		226	
Multi-family portfolio (number of units)	1,081		-		1,081	

Base rents for the Same-Store Properties decreased $9.6 million, or 1.8 percent, for 2013 as compared to 2012, due primarily to a decrease in occupancy and rental rates in 2013 as compared to 2012. Escalations and recoveries from tenants for the Same-Store Properties decreased $2.7 million, or 3.6 percent, for 2013 over 2012, due primarily to lower recoveries from tenants in 2013 (as a result of lower occupancies and the re-set of base years on new and renewed leases) as well as reimbursing tenants for their share of the tax appeal proceeds received in the periods. Parking income for the Same-Store Properties decreased $0.3 million, or 5.6 percent, due primarily to decreased usage in 2013 as compared to 2012. Other income for the Same-Store Properties decreased $8.0 million, or 66.2 percent, due primarily to a decrease in lease breakage fees recognized in 2013 as compared to 2012.

Real estate taxes on the Same-Store Properties decreased $3.2 million, or 3.7 percent, for 2013 as compared to 2012. The change in real estate taxes principally results from tax appeal proceeds, net of associated professional fees, increasing by approximately $3.2 million from 2012 to 2013. Real estate taxes, without the effect of net tax appeal proceeds, did not increase significantly in 2013 compared to 2012. Utilities for the Same-Store Properties increased

$4.3 million, or 7.4 percent, for 2013 as compared to 2012, due primarily to increased rates in 2013 as compared to 2012. Operating services for the Same-Store Properties increased $6.4 million, or 6.6 percent, due primarily to an increase in snow removal costs of $3.1 million and in maintenance costs of $2.5 million for 2013 as compared to 2012.

Construction services revenue increased $2.1 million, or 15.4 percent, in 2013 as compared to 2012, due primarily to increased revenue from construction contracts in 2013. Real estate services revenues (primarily reimbursement of property personnel costs) increased by $18.3 million, or 213.0 percent, for 2013 as compared to 2012, due primarily to the full year effect of Roseland (which was acquired in 2012).

Direct construction costs increased $2.3 million, or 18.2 percent, in 2013 as compared to 2012, due primarily to increased costs from construction contracts in 2013.

Real estate services expenses increased $19.0 million, or 506.4 percent, for 2013 as compared to 2012. This increase was due primarily to compensation costs related to Roseland (which was acquired in late 2012).

General and administrative expenses was relatively unchanged for 2013 as compared to 2012. Roseland general and administrative expenses increased by $8.2 million for 2013 as compared to 2012 due to the full year effect of Roseland (which was acquired in late 2012). This was partially offset by transaction costs incurred of $5.8 million in 2012 in conjunction with the Roseland Transaction, and $1.4 million in costs related to the departure of one of the Company's executive vice presidents in 2012.

Depreciation and amortization increased by $8.4 million, or 4.8 percent, for 2013 over 2012. This increase was due primarily to an increase of $11.7 million for 2013 as compared to 2012 related to depreciation and amortization on assets from Roseland and the Acquired Properties, partially offset by assets becoming fully amortized in 2013.

The Company recorded $110.9 million in impairment charges in 2013 on 18 properties in order to reduce their carrying values to their estimated fair market values.

In 2012, the Company incurred impairment charges totaling $9.8 million, consisting of: (i) an impairment charge on other investments of $6.3 million in connection with a write-down of the Company's development rights in an East Rutherford, New Jersey mixed use development project; (ii) an impairment charge of approximately $3.0 million on one of its properties in Greenbelt, Maryland; and (iii) an impairment charge on another rental property investment of $0.5 million related to an office property in Newark, New Jersey.

Interest expense increased $1.7 million, or 1.4 percent, for 2013 as compared to 2012. This increase was primarily as a result of higher average debt balances in 2013, partially offset by higher capitalized interest in 2013, as a result of increased development activity in 2013.

Interest and other investment income increased $2.9 million for 2013 as compared to 2012. This was primarily due to a benefit of $2.3 million in 2013 related to changes in the Roseland Transaction Earn-Out.

Equity in earnings of unconsolidated joint ventures decreased $6.4 million, or 156.9 percent, for 2013 as compared to 2012. The decrease was due primarily to increased losses of $6.2 million from the joint venture interests acquired in the Roseland Transaction in late 2012 and a loss in 2013 of $2.6 million from the Crystal House Apartments venture (which was entered into in March 2013), partially offset by increased income of $1.1 million from the sale of the Boston Downtown Crossing venture for 2013 as compared to 2012.

In 2012, the Company recognized losses from early extinguishment of debt of $5.0 million compared to $156,000 in 2013. The 2012 losses resulted primarily from approximately $4.4 million due to the early redemption of senior unsecured notes and approximately $0.5 million for the early repayment of a mortgage loan on the Company's property in Woodbridge, New Jersey. The 2013 amount was due to the partial early termination and extension of the Company's revolving credit facility as a result of decreased participation of certain lenders in the facility.

Income from continuing operations decreased to a loss of $89.7 million in 2013 from income of $37.6 million in 2012. The decrease of $127.3 million was due to the factors discussed above.

Net income available to common shareholders decreased by $55.8 million, or 136.4 percent, from income of $40.9 million in 2012 to a loss of $14.9 million in 2013. The decrease was primarily the result of a decrease in income from continuing operations of $127.3 million for 2013 as compared to 2012, an impairment charge of $23.9 million on discontinued operations in 2013, a decrease in income from discontinued operations of $10.1 million for 2013 as compared to 2012, an increase in noncontrolling interest in discontinued operations of approximately $7.4 million for 2013 as compared to 2012, realized gains on disposition of rental property of $2.3 million in 2012, and a loss on early extinguishment of debt on discontinued operations of $0.7 million in 2013. These were partially offset by a realized gain on disposition of rental property of $83.4 million in 2013, a decrease in noncontrolling interest in Operating Partnership of $15.1 million for 2013 as compared to 2012, an impairment charge on discontinued operations of $8.4 million in 2012, an unrealized loss on disposition of rental property of $7.1 million in 2012 and an increase in noncontrolling interest in consolidated joint ventures of $1.9 million for 2013 as compared to 2012.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

The Company believes that with the reduced demand for suburban office properties in recent years, it is reasonably likely that vacancy rates in the office sector may continue to increase, effective rental rates on new and renewed leases at office properties may continue to decrease and tenant installation costs at office properties, including concessions, may continue to increase in most or all of its markets in 2014 and possibly beyond. As a result of the potential negative effects on the Company's revenue from the overall reduced demand for office space and the redeployment of capital from the sale of income-producing office properties to fund the Company's expansion into the multi-family rental sector, the Company's cash flow could be insufficient to cover increased tenant installation costs over the short-term. If this situation were to occur, the Company expects that it would finance any shortfalls through borrowings under its revolving credit facility and other debt and equity financings.

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

Repositioning of the Company's Portfolio:
The Company continually reviews its portfolio and opportunities to divest office properties that no longer meet its long-term strategy, have reached their potential, are less efficient to operate, or when market conditions are favorable to be sold at attractive prices. The Company anticipates redeploying the proceeds from sales of office and office/flex properties in the near-term to develop, redevelop and acquire multi-family rental properties as well as reposition certain office properties into multi-family/mixed use properties, in its core Northeast sub-markets as part of its overall strategy to reposition its portfolio from office and office/flex to a mix of office, office/flex and multi-family rental properties. In continuation of this strategy, the Company entered into the following transactions:

Construction Projects:
On May 21, 2014, the Company entered into a joint venture agreement with Ironstate Harborside-A LLC ("ISA") to form Harborside Unit A Urban Renewal, L.L.C. ("URL-Harborside"), a newly-formed joint venture that will develop, own and operate a high-rise tower of approximately 763 multi-family apartment units above a parking pedestal to be located on land contributed by the Company at its Harborside complex in Jersey City, New Jersey (the "URL Project"). The construction of the URL Project is estimated to cost a total of approximately $320 million (of which development costs of $65.1 million have been incurred by URL-Harborside through December 31, 2014). The URL Project is projected to be ready for occupancy by the fourth quarter of 2016. The URL Project has been awarded up to $33 million in future tax credits ("URL Tax Credits"), subject to certain conditions, from the New Jersey Economic Development Authority. The venture has an agreement to sell these credits, subject to certain conditions. On August 1, 2014, the venture obtained a construction/permanent loan with a maximum borrowing amount of $192 million (with no balance currently outstanding as of December 31, 2014), which bears interest at a rate of 5.197 percent and matures in August 2029. The Company currently expects that it will fund approximately $59.1 million of the remaining development costs of the project, net of the loan financing.

The Company owns an 85 percent interest in URL-Harborside and the remaining interest is owned by ISA, with shared control over major decisions such as, approval of budgets, property financings and leasing guidelines. Upon entering into the joint venture, the Company's initial contribution was $30.6 million, which included a capital credit of $30 per approved developable square foot for its contributed land aggregating approximately $20.6 million with the balance consisting of previously incurred development costs, and ISA's initial contribution was approximately $5.4

million. Included in the Company's investment in the unconsolidated joint venture is its land contribution with a carrying amount of $5.5 million. The Company has funded an additional $19.2 million in development costs for the venture through December 31, 2014.

In July 2012, the Company entered into a ground lease with Wegmans Food Markets, Inc. ("Wegmans") at the Company's undeveloped site located at Sylvan Way and Ridgedale Avenue in Hanover Township, New Jersey. Subject to receiving all necessary governmental approvals, Wegmans intends to construct a store of approximately 140,000 square feet on a finished pad scheduled to be completed in late 2016. The Company expects to incur costs of approximately $25.3 million for the development of the site (of which the Company has incurred $8.0 million through December 31, 2014).

On August 22, 2013, the Company contributed an additional $4.9 million and the operating agreement of Eastchester was modified which increased the Company's effective ownership to 76.25 percent, with the remaining 23.75 percent owned by HVLH. The agreement also provided the Company with control of all major decisions. Accordingly, effective August 22, 2013, the Company consolidated Eastchester under the provisions of ASC 810, Consolidation. As the carrying value approximated the fair value of the net assets acquired, there was no holding period gain or loss recognized on this transaction. The Company had acquired a 26.25 percent interest in a to-be-built, 108-unit multi-family rental property located in Eastchester, New York (the "Eastchester Project") for approximately $2.1 million. The remaining interests in the development project-owning entity, 150 Main Street, L.L.C. ("Eastchester") was owned 26.25 percent by JMP Eastchester, L.L.C. and 47.5 percent by Hudson Valley Land Holdings, L.L.C. ("HVLH"). The Eastchester Project began construction in late 2013. Estimated total development costs of $50 million (of which $13.9 million have been incurred through December 31, 2014) are expected to be funded with a $28.8 million construction loan and the balance of $21.2 million from member's capital, of which the Company's share is $20.9 million.

REIT Restrictions:
To maintain its qualification as a REIT under the Code, the Company must make annual distributions to its stockholders of at least 90 percent of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding net capital gains. Moreover, the Company intends to continue to make regular quarterly distributions to its common stockholders. Based upon the most recently paid common stock dividend rate of $0.15 per common share, in the aggregate, such distributions would equal approximately $53.4 million ($60.1 million, including common units in the Operating Partnership held by parties other than the Company) on an annualized basis. However, any such distributions, whether for federal income tax purposes or otherwise, would be paid out of available cash, including borrowings and other sources, after meeting operating requirements, preferred stock dividends and distributions, and scheduled debt service on the Company's debt. If and to the extent the Company retains and does not distribute any net capital gains, the Company will be required to pay federal, state and local taxes on such net capital gains at the rate applicable to capital gains of a corporation.

Property Lock-Ups:
The Company may not dispose of or distribute certain of its properties, currently comprised of seven properties with an aggregate net book value of approximately $125.3 million, which were originally contributed by certain unrelated common unitholders of the Operating Partnership, without the express written consent of such common unitholders, as applicable, except in a manner which does not result in recognition of any built-in-gain (which may result in an income tax liability) or which reimburses the appropriate specific common unitholders for the tax consequences of the recognition of such built-in-gains (collectively, the "Property Lock-Ups"). The aforementioned restrictions do not apply in the event that the Company sells all of its properties or in connection with a sale transaction which the Company's Board of Directors determines is reasonably necessary to satisfy a material monetary default on any unsecured debt, judgment or liability of the Company or to cure any material monetary default on any mortgage secured by a property. The Property Lock-Ups expire periodically through 2016.

Upon the expiration of the Property Lock-Ups, the Company is generally required to use commercially reasonable efforts to prevent any sale, transfer or other disposition of the subject properties from resulting in the recognition of built-in gain to the specific common unitholders, which include members of the Mack Group (which includes William L. Mack, Chairman of the Company's Board of Directors; David S. Mack, director; Earle I. Mack, a former director; and Mitchell E. Hersh, president, chief executive officer and director), the Robert Martin Group (which includes Robert F. Weinberg, a former director and current member of its Advisory Board), and the Cali Group (which includes John R. Cali, a former director and current member of its Advisory Board). As of December 31, 2014, 110 of the Company's properties, with an aggregate net book value of approximately $1.3 billion, have lapsed restrictions and are subject to these conditions.

Unencumbered Properties:
As of December 31, 2014, the Company had 206 unencumbered properties with a carrying amount of $2.5 billion representing 89.2 percent of the Company's total consolidated property count.

Cash Flows

Cash and cash equivalents decreased by $192.1 million to $29.6 million at December 31, 2014, compared to $221.7 million at December 31, 2013. This decrease is comprised of the following net cash flow items:

(1) $159.3 million provided by operating activities.

(2) $50.3 million provided by investing activities, consisting primarily of the following:

(a) $274.8 million from proceeds from the sale of rental property; plus
(b) $62.5 million from repayments of notes receivable; plus
(c) $35.9 million received from distributions in excess of cumulative earnings from unconsolidated joint ventures; minus
(d) $91.8 million used for additions to rental property and improvements; minus
(e) $67.3 million used for investments in unconsolidated joint ventures; minus
(f) $62.3 million used for the issuance of notes and mortgage receivables; minus
(g) $61.9 million used for rental property acquisitions and related intangibles; minus
(h) $25.1 million used for the development of rental property, other related costs and deposits; minus
(i) $14.5 million used for restricted cash.

(3) $401.7 million used in financing activities, consisting primarily of the following:

(a) $350.0 million used for repayments of senior unsecured notes; plus
(b) $277.3 million used for repayments of revolving credit facility borrowings; plus
(c) $89.8 million used for payments of dividends and distributions; plus
(d) $83.8 million used for repayments of mortgages, loans payable and other obligations; plus
(e) $5.2 million used for the payments of contingent consideration payments; plus
(f) $3.1 million used for payment of finance costs; minus
(g) $277.3 million from borrowings under the revolving credit facility; minus
(h) $130.1 million from proceeds received from mortgages; minus
(i) $145,000 from cash received from noncontrolling interests.

Debt Financing

Summary of Debt:
The following is a breakdown of the Company's debt between fixed and variable-rate financing as of December 31, 2014:

	Balance ($000's)	% of Total	Weighted Average Interest Rate (a)	Weighted Average Maturity in Years
Fixed Rate Unsecured Debt and Other Obligations	$ 1,267,744	60.70 %	4.88 %	5.16
Fixed Rate Secured Debt	661,050	31.65 %	7.53 %	3.19
Variable Rate Secured Debt	159,860	7.65 %	3.83 %	1.69
Totals/Weighted Average:	$ 2,088,654	100.00 %	5.64 %(b)	4.27

(a) The actual weighted average LIBOR rate for the Company's outstanding variable rate debt was 0.17 percent as of December 31, 2014, plus the applicable spread.
(b) Excludes amortized deferred financing costs pertaining to the Company's unsecured revolving credit facility which amounted to $2.7 million for the year ended December 31, 2014.

Debt Maturities:
Scheduled principal payments and related weighted average annual effective interest rates for the Company's debt as of December 31, 2014 are as follows:

Period	Scheduled Amortization ($000's)	Principal Maturities ($000's)	Total ($000's)	Weighted Avg. Effective Interest Rate of Future Repayments (a)
2015	8,811	167,589	176,400	7.03 %
2016	8,311	333,272	341,583	6.94 %
2017	7,275	392,345	399,620	4.11 %
2018	7,311	231,536	238,847	6.67 %

2019		723		331,567		332,290	7.44	%
Thereafter		6,329		605,205		611,534	4.13	%
Sub-total		38,760		2,061,514		2,100,274		
Adjustment for unamortized debt discount/premium, net, as of December 31, 2014		(11,620)		-		(11,620)		
Totals/Weighted Average	$	27,140	$	2,061,514	$	2,088,654	5.64	%(b)

(a) The actual weighted average LIBOR rate for the Company's outstanding variable rate debt was 0.17 percent as of December 31, 2014, plus the applicable spread.
(b) Excludes amortized deferred financing costs pertaining to the Company's unsecured revolving credit facility which amounted to $2.7 million for the year ended December 31, 2014.

Senior Unsecured Notes:
On February 17, 2014, the Company repaid its $200 million face amount of 5.125 percent senior unsecured notes at their maturity, using available cash and borrowing on the Company's unsecured revolving credit facility.

On December 17, 2014, the Company redeemed $150 million principal amount of its 5.125 percent Notes due January 15, 2015 (the "Notes"). The redemption price, including a make-whole premium, was 100.380 percent of the principal amount of the Notes, plus all accrued and unpaid interest up to the Redemption Date. The Company funded the redemption price, including accrued and unpaid interest, of approximately $153.8 million using available cash and borrowings on the Company's unsecured revolving credit facility. In connection with the redemption, the Company recorded approximately $0.6 million as a loss from early extinguishment of debt (including the write-off of unamortized deferred financing costs).

The terms of the Company's senior unsecured notes (which totaled approximately $1.3 billion as of December 31, 2014) include certain restrictions and covenants which require compliance with financial ratios relating to the maximum amount of debt leverage, the maximum amount of secured indebtedness, the minimum amount of debt service coverage and the maximum amount of unsecured debt as a percent of unsecured assets.

Unsecured Revolving Credit Facility:
On July 16, 2013, the Company amended and restated its unsecured revolving credit facility with a group of 17 lenders. The $600 million facility is expandable to $1 billion and matures in July 2017. It has two six month extension options each requiring the payment of a 7.5 basis point fee. The interest rate on outstanding borrowings (not electing the Company's competitive bid feature) and the facility fee on the current borrowing capacity payable quarterly in arrears are based upon the Operating Partnership's unsecured debt ratings, as follows:

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

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

The terms of the unsecured facility include certain restrictions and covenants which limit, among other things the incurrence of additional indebtedness, the incurrence of liens and the disposition of real estate properties (to the extent that: (i) such property dispositions cause the Company to default on any of the financial ratios of the facility described below, or (ii) the property dispositions are completed while the Company is under an event of default under the facility, unless, under certain circumstances, such disposition is being carried out to cure such default), and which

require compliance with financial ratios relating to the maximum leverage ratio (60 percent), the maximum amount of secured indebtedness (40 percent), the minimum amount of fixed charge coverage (1.5 times), the maximum amount of unsecured indebtedness (60 percent), the minimum amount of unencumbered property interest coverage (2.0 times) and certain investment limitations (generally 15 percent of total capitalization). If an event of default has occurred and is continuing, the Company will not make any excess distributions except to enable the Company to continue to qualify as a REIT under the Code.

The lending group for the credit facility consists of: JPMorgan Chase Bank, N.A., as administrative agent; Bank of America, N.A., as syndication agent; Deutsche Bank AG New York Branch; U.S. Bank National Association and Wells Fargo Bank, N.A., as documentation agents; Capital One, National Association; Citibank N.A.; Comerica Bank; PNC Bank, National Association; SunTrust Bank; The Bank of Tokyo-Mitsubishi UFJ, LTD.; The Bank of New York Mellon; as managing agents; and Compass Bank; Branch Banking and Trust Company; TD Bank, N.A.; Citizens Bank of Pennsylvania; Mega International Commercial Bank Co., LTD. New York Branch, as participants.

Through July 15, 2013, the Company had a $600 million unsecured revolving credit facility, which had an interest rate on outstanding borrowings of LIBOR plus 125 basis points and a facility fee of 25 basis points.

As of February 13, 2015, the Company had outstanding borrowings of $25.0 million under its unsecured revolving credit facility.

Mortgages, Loans Payable and Other Obligations and Notes Receivables