UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

or

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

For the transition period from to

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

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

Mack-Cali Realty Corporation

Mack-Cali Realty, L.P.

(Exact name of registrant as specified in its charter)

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

(732) 590-1010

(Registrant s telephone number, including area code)

Not Applicable

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

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

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

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

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

Mack-Cali Realty Corporation:

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨

Mack-Cali Realty, L.P.:

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨

(Do not check if a smaller reporting company)

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

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

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

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

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EXPLANATORY NOTE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Note 16. Noncontrolling Interests in Subsidiaries.

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

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

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

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Part I Financial Information

Item 1. **Financial Statements**

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

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

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

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

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

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

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

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

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

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

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

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

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

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

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

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MACK-CALI REALTY CORPORATION AND SUBSIDIARIES

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

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

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

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

MACK-CALI REALTY, L.P. AND SUBSIDIARIES

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

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

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

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

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

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

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

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

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

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

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

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

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

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MACK-CALI REALTY, L.P. AND SUBSIDIARIES

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION

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

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

As of September 30, 2016, the Company owned or had interests in 263 properties, consisting of 136 office and 110 flex properties, totaling approximately 29.0 million square feet, leased to approximately 1,800 commercial tenants, and 17 multi-family rental properties containing 5,214 residential units, plus developable land (collectively, the Properties). The Properties are comprised of 136 office buildings totaling approximately 23.7 million square feet (which include 36 buildings, aggregating approximately 5.6 million square feet owned by unconsolidated joint ventures in which the Company has investment interests), 94 office/flex buildings totaling approximately 4.8 million square feet, six industrial/warehouse buildings totaling approximately 387,400 square feet, 17 multi-family properties totaling 5,214 apartments (which include ten properties aggregating 3,587 apartments owned by unconsolidated joint ventures in which the Company has investment interests), six parking/retail properties totaling approximately 130,100 square feet (which include two buildings aggregating 81,700 square feet owned by unconsolidated joint ventures in which the Company has investment interests), one hotel (which is owned by an unconsolidated joint venture in which the Company has an investment interest) and three parcels of land leased to others. The Properties are located in seven states, primarily in the Northeast, plus the District of Columbia.

BASIS OF PRESENTATION

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

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

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

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

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

The financial statements have been prepared in conformity with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management s historical experience that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Rental

Property Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition, development and construction of rental properties are capitalized. Acquisition related costs are expensed as incurred. Capitalized development and construction costs include pre-construction costs essential to the development of the property, development and construction costs, interest, property taxes, insurance, salaries and other project costs incurred during the period of development. Capitalized development and construction salaries and related costs approximated $0.7 million and $0.9 million for the three months ended September 30, 2016 and 2015, respectively, and $1.9 million and $3.5 million for the nine months ended September 30, 2016 and 2015, respectively. Included in total rental property is construction, tenant improvement and development in-progress of $301 million and $88.7 million as of September 30, 2016 and December 31, 2015, respectively. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

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

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

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

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

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

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

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

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

Rental Property

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

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

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

Investments in

Unconsolidated

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

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

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

Cash and Cash

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

Deferred

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

Deferred

Leasing Costs Costs incurred in connection with commercial leases are capitalized and amortized on a straight-line basis over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Certain employees of the Company are compensated for providing leasing services to the Properties. The portion of such compensation related to commercial leases, which is capitalized and amortized, and included in deferred charges, goodwill and other assets, net, was approximately $790,000 and $922,000 for the three months ended September 30, 2016 and 2015, respectively, and $2,440,000 and $2,738,000 for the nine months ended September 30, 2016 and 2015, respectively.

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

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

Derivative

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

Revenue

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

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

Escalations and recoveries from tenants are received from tenants for certain costs as provided in the lease agreements. These costs generally include real estate taxes, utilities, insurance, common area maintenance and other recoverable costs. See Note 14: Tenant Leases.

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

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

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

Allowance for

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

Income and

Other Taxes The General Partner has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code). As a REIT, the General Partner generally will not be subject to corporate federal income tax (including alternative minimum tax) on net income that it currently distributes to

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

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

The Company has elected to treat certain of its corporate subsidiaries as taxable REIT subsidiaries (each a TRS). In general, a TRS of the Company may perform additional services for tenants of the Company and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the providing to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. The Company has conducted business through its TRS entities for certain property management, development, construction and other related services, as well as to hold a joint venture interest in a hotel and other matters.

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

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

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

Earnings

Per Share

or Unit The Company presents both basic and diluted earnings per share or unit (EPS or EPU). Basic EPS or EPU excludes dilution and is computed by dividing net income available to common shareholders or unitholders by the weighted average number of shares or units outstanding for the period. Diluted EPS or EPU reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS or EPU from continuing operations amount. Shares or Units whose issuance is contingent upon the satisfaction of certain conditions shall be considered outstanding and included in the computation of diluted EPS or EPU as follows (i) if all necessary conditions have been satisfied by the end of the period (the events have occurred), those shares or units shall be included as of the beginning of the period in which the conditions were satisfied (or as of the date of the grant, if later) or (ii) if all necessary conditions have not been satisfied by the end of the period, the number of contingently issuable shares or units included in diluted EPS or EPU shall be based on the number of shares or units, if any, that would be issuable if the end of the reporting period were the end of the contingency period (for example, the number of shares or units that would be issuable based on current period earnings or period-end market price) and if the result would be dilutive. Those contingently issuable shares or units shall be included in the denominator of diluted EPS or EPU as of the beginning of the period (or as of the date of the grant, if later).

Dividends and

Distributions

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

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

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

Costs Incurred

For Stock

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

Stock

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

Other

Comprehensive

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

Fair Value

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

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

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

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

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

Discontinued

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

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

Impact Of

Recently-Issued

Accounting

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

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

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

In March 2016, the FASB issued ASU 2016-07, which eliminates a requirement for the retroactive adjustment on a step by step basis of the investment, results of operations, and retained earnings as if the equity method had been effective during all previous periods that the investment had been held when an investment qualifies for equity method accounting due to an increase in the level of ownership or degree of influence. The cost of acquiring the additional interest in the investee is to be added to the current basis of the investor s previously held interest and the equity method of accounting should be adopted as of the date the investment becomes qualified for equity method accounting. This guidance is to be applied on a prospective basis and is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-07 will have on the Company s consolidated financial statements.

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

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

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

3. RECENT TRANSACTIONS

Acquisitions

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

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

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

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

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

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

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

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

Consolidations

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

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

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

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

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

Other Investments

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

Dispositions/Rental Property Held for Sale

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

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

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

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

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

Rental Property Held for Sale, Net

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

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

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

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

Unconsolidated Joint Venture Activity

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

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

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4. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

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

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

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

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